

NEWS: INTERNATIONAL

Elf and Treuhand agree refinery deal

By Judy Dempsey in Berlin

Eastern Germany's largest investment project was yesterday saved from collapse when the Treuhand privatisation agency and Elf Aquitaine, the French oil company, forged a compromise on the construction of the region's most modern refinery.

The compromise paves the way for a potentially viable chemical sector in eastern Germany.

Had the Leuna oil refinery project collapsed, Buna, the nearby chemical and olefin complex and a big buyer of refinery products, would have been denied local supplies.

In 1992, Elf agreed with the Treuhand that it would rebuild the Leuna refinery in a joint project with Thyssen-Haniel, a subsidiary of the German steel group. It agreed to take a 67 per cent stake in the DM4.5bn (\$1.75bn) project known as Leuna 2000.

In January this year, Elf said

it wanted to cut its stake to 35 per cent as part of a general cost-cutting strategy. However, under the terms of yesterday's compromise, Elf will reduce its stake by a third.

The company's board is expected to endorse the deal when it meets in Paris on Monday.

Rosneft, the state-owned Russian oil company, will join the Leuna consortium by taking up Elf's surrendered 24 per cent share. The stake will be paid for with crude oil deliveries.

As part of the price for cutting its stake, Elf will give up a third of its 500 petrol stations in eastern Germany.

Access to the region's petrol stations was the driving force behind Elf's decision to invest in eastern Germany in the first place.

French President François Mitterrand had intervened on Elf's behalf, while the Treuhand linked the company's entry into eastern Germany

with investment in the Leuna oil refinery, which is in the state of Saxony-Anhalt.

The Treuhand said yesterday that it would "definitely not" be selling off the lucrative petrol stations, in spite of enormous interest by Shell, and Aral, the petrol distribution arm of Veba, Germany's large electricity conglomerate.

Instead, the agency will allocate the stations to Buna, still under the Treuhand, in a move designed to make the chemical complex an attractive privatisation project. Thyssen-Haniel and RAO Gazprom, the state-owned Russian gas company, earlier this week signed a letter of intent to negotiate a stake exceeding 25 per cent but less than 50 per cent in Buna.

Buna's privatisation prospects will be further boosted if Thyssen decides to shed its 33 per cent stake in Leuna after construction. The stake, which would have passed to Elf, will be passed on to Buna.

Bundesbank warning on derivatives

By Christopher Parkes in Frankfurt

The Bundesbank yesterday issued a forceful public warning on the mounting risks presented by the proliferation of financial derivatives trading in global markets.

Financial institutions should take care to install controls to ensure they had a realistic picture of the dangers faced, Mr Edgar Meister, a central bank director told a Frankfurt conference.

The difficulties of some managers in understanding the activities of the analysts and mathematicians, "today's sorcerer's apprentices", in their trading departments was a serious problem, he said.

Mr Meister warned that no

The Bundesbank cannot simply ignore recent explosive growth in its M3 money supply measure, nor can it count on continuing falls in import prices to reduce inflation, Mr Hans Tietmeyer, Bundesbank president, said yesterday, writes Christopher Parkes. Rolling out "hasty" reductions in interest rates, he told a meeting in Frankfurt the central bank had to keep a close watch on price developments. Basic trends suggested further

easing in price pressure in the coming months, and February's M3 data, released earlier this week, showed a slight slowing in monetary growth compared with January. But growth at an annual rate of 17.6 per cent, compared with the bank's 4-6 per cent target range, could signal inflation, Mr Tietmeyer said. A February inflation rate of 3.4 per cent, which he compared with France's 1.8 per cent, was still clearly too high.

institution should consider entering the derivatives business unless it was staffed by people with the necessary know-how, competent supervisors and high-performance computer and software systems.

The trend towards ever more complex "hybrid" products, linking different derivative instruments, made risk assess-

ment ever more difficult, he said. Non-bank newcomers to the business, operating outside the scope of banking supervision, presented a special problem, and more information was needed on them and their activities, he said.

"Statements to the effect that nothing has happened yet or that there is no need for

additional regulation are just as unhelpful as horror scenarios such as the often-used picture of young people using their computers to construct a hydrogen bomb for the financial world," he said. Mr Meister suggested that the dangers were often played down with claims that only the big banks were active and they had the risks firmly under con-

trol. "I cannot accept this attitude and behave as though only good guys were involved," in Germany itself, where regulation was relatively tight, derivatives trading had reached a scale where it almost equalled the banking sector's entire business volume, he said.

In response, the Bundesbank is discussing in detail the extent to which its statutory obligation to maintain monetary stability was being hampered by this business.

Together with the federal supervisory authorities it was reviewing the effectiveness of current minimum requirements for derivatives trading and how the maintenance of these standards could be supervised, he added.

Exports of toxic waste to be banned

By Frances Williams in Geneva

All exports of hazardous wastes from rich countries to poor ones will be outlawed from the end of 1997, the 64 members of the United Nations toxic waste convention decided yesterday. Exports of toxic waste destined for final disposal rather than recycling will be prohibited immediately.

The ban was greeted with jubilation by environmental groups and developing countries which have waged a vigorous campaign to halt toxic waste dumping in the third world and, increasingly, in eastern Europe.

Greenpeace hailed the decision, which was taken by consensus, as "a striking victory for global environmental justice". Mr Chris Lamb, who chaired the week-long conference of the parties to the Basel convention on transboundary movement of hazardous wastes, said the international community had taken "an historic step".

The turning point came on Thursday when European Union ministers in Brussels decided to support the ban from end-1997. This brought into line two strong opponents of an outright prohibition, Britain and Germany, the world's biggest toxic waste exporter.

Other dissenters, Australia, Canada and Japan, were then isolated. The United States, which also opposed a ban, is not a member of the convention and is not bound by yesterday's decision.

According to the UN Environment Programme, over 400m tonnes of hazardous wastes are produced each year, 98 per cent of this by the industrialised countries. OECD nations export 10-12m tonnes of toxic waste each year to the third world.

The Basel convention, which came into force in May 1992, regulates transboundary movement and disposal of toxic wastes.

A committee of the 1975 UN convention on international trade in endangered species (Cites) has also decided to recommend trade sanctions against China, Taiwan, Hong Kong and South Korea, despite evidence that continued use of tiger bone and rhino horn for traditional medicines is bringing the protected species close to extinction.

EU steel deal a camouflage, say officials

By Gillian Tett in Brussels, Michael Lindemann in Bonn, and Andrew Baxter in London

They are too polite to use the fudge word. But as officials in Brussels yesterday digested this week's surprise agreement forged between steelmakers and Mr Martin Bangemann, EU industry commissioner, the mood in some quarters was bitter.

Although Mr Bangemann's language insists it is delighted that the industry has apparently met the European Commission's demands for further steel reductions, in private officials admit the deal may have been little more than a face-saving camouflage.

"All that has happened is that the problem has been put off for another year or two - nothing has really been agreed at all," commented one Commission official.

From the perspective of some member states, at least, such an analysis may seem too harsh.

Mr Bangemann's aides point out that his meeting on Wednesday with chiefs of the big steel producers marked a significant shift in the negotiating climate. In place of the political posturing which has dogged recent negotiations, both sides are proclaiming a new climate of "understanding". This involves agreement to aim for cuts totalling some 19m tonnes in capacity, in exchange for extending the deadline for a restructuring plan until November.

Furthermore, the steel industry's offer of a moratorium on state aid until November has been welcomed by the Commission and member states, particularly in the UK which has recently stepped up its demands that the Commission take a tougher line on state aid. But with the details of the

plan remaining to be decided, some Commission officials fear that the extension of the deadline will give the industry more scope to evade the cuts.

The steel market is expected to pick up in the summer, partly on the back of a recovery in the motor industry, so further cuts are likely to be even less palatable to the steel sector. These fears have been fuelled by continuing ambiguities in the new "understanding", including the source of the extra reductions.

Although the Commission says the final figure has been boosted by 6m tonnes-worth of cuts in the Italian private sector and 2m tonnes-worth through private sector mergers, most probably in Germany, in practice these figures appear to involve little more than a juggling of earlier offers.

There is also a question over the degree of industry support for the deal.

British Steel, one of the most hawkish of the private sector producers, reacted cautiously to the deal as it did not attend Wednesday's meeting. But it said anything which led to subsidies being ended permanently would be welcomed.

The German steel federation was pleased that talks about capacity cuts had been extended and that an Ecu240m (\$181.4m) aid package to help pay for redundancies had not been cancelled.

"The industry needs this, it is not over the worst yet," it said. But German producers were not likely to make any extra capacity cuts.

But Dr Rod Biddows, a London-based steel consultant, said that, following the controversial rescue of the Klöcker-Werke mill in Bremen, the Krupp-Hoesch plant at Dortmund looked to be the most vulnerable among German flat product plants.



Russian metal workers demand changes in tax laws and stable electricity prices outside Moscow's White House yesterday

A tractor driver from Harvard

By Leyla Boulton in Vladimir

The success of a Harvard Business School graduate in selling control of an ailing Russian tractor plant this week provides a cautionary tale to communist-era managers who are trying to rescue plants with old-style methods doomed to failure.

Mr Iosif Bakaleinik, 42, was elected chief executive officer of the Vladimir Tractor Plant on Thursday, just nine months after Mr Anatoly Grishin, the plant's manager for 16 years, blocked his first takeover attempt. The 60-year-old Mr Grishin convinced the majority of shareholders that his rival had "neither the moral right nor the qualifications" to run the plant.

But Mr Grishin was forced to quit in January after he tried to keep the plant going by taking out expensive bank loans to pay wages while delivering

goods free of charge to his connections - insolvent enterprises that promised to pay him later but never did.

Mr Bakaleinik, who is still officially employed by the International Finance Corporation, the World Bank's private development arm, was at pains to explain to a suspicious workforce why he was embracing a \$300-a-month salary to try to turn round a company which has been standing idle for the best part of four months. "It's like climbing the Himalayas. You go up and if you're lucky you come down."

But he has already asked the IFC to keep a job open for him in Washington should he fail. The plight of the Vladimir Tractor Plant is typical of many Russian plants whose problems in a depressed economy have been compounded by gross mismanagement.

With his western know-how and connections, as well as his

plans for overhauling the company's financial and marketing strategy, Mr Bakaleinik is seen, in the words of the plant's acting chief engineer, as a last chance to "save the company and the workers who survive in it".

Mr Grishin's deputy until he went off to Harvard on a government scholarship, Mr Bakaleinik ensured his boardroom victory by marshalling the support of the Russian government and institutional investors, who now hold 54 per cent of the company.

His main backer is Renova, a US-Russian joint venture which spent \$1m acquiring a 17 per cent stake and has given Mr Bakaleinik an option on a significant stake in the plant if he manages to bring it back to health.

Mr Bakaleinik will now try to raise the R500m-R600m (\$11m-\$12m) which he says the company needs this year to

complete a long-delayed modernisation and restructuring programme, which has begun with efforts to cut the workforce from 14,500 to 10,500.

He will also look for a strategic partner abroad, but first wants to build a wholly-controlled dealer network for the plant so that when "John Deere" (the US agricultural equipment company) comes to the Russian market they have to come to us.

The company's bright spot is its hard-currency export market, which accounts for 14 per cent of its output.

But Mr Bakaleinik says that the flourishing of a domestic market will paradoxically depend on the ability of the country's conservative agrarian lobby - which opposes the radical reforms that made the plant's privatisation possible in the first place - to extract extra farming subsidies for peasants to buy his tractors.

Crimea in time with Moscow

By Jill Boreham in Kiev

Ukraine's Crimea peninsula is marking this weekend's elections for Ukraine's first post-independence parliament by moving its clocks an hour ahead to Moscow time.

It will also be holding an opinion poll, headed by President Leonid Kravchuk last week as a referendum in dis-

guise, asking citizens if they want dual-citizenship with Russia, equal status with Kiev and enhanced decree powers for the region's president.

Crimea is one of three Ukrainian regions holding outland plebiscites this weekend.

Donetsk and Lugansk, in eastern Ukraine, will also be asking their citizens if they support regional autonomy and

making Russian an official language. The polls will have immediate results and pose immediate problems for Kiev, since they could arm all three regions with a popular mandate to seek independence from Ukraine.

The outcome of the Ukrainian parliamentary election is likely to be far less clear and far less immediate.

At stake is whether the old Soviet establishment of red barons and bureaucrats is going to be removed.

Election rules require the winner to poll at least 51 per cent in each district, but with as many as 25 candidates in some districts, most races will go to a second round of voting on April 10 and results will not be known until mid-April.

Clashes in Paris as students protest over wage law

By David Buchanan in Paris

Tens of thousands of students marched through Paris yesterday in a display of opposition to a youth wage law, which has become a thorn in the government's side.

More than 30,000 students were watched by some 2,500 police in riot gear and another 800 in plain clothes,

after Mr Charles Pasqua, the interior minister, warned that any repetition of the rioting and recent marches would be heavily punished.

"Looters must know that, given the cowardice it takes to hide behind kids, the police and judiciary will be merciless," he said.

However, several hundred demonstrators started throwing stones at

police, who responded with a baton charge and tear gas. The march followed a night of clashes in Nantes, where a protest turned violent when protesters hurled petrol bombs at police.

Several thousand students also demonstrated in Bordeaux and St Etienne yesterday against the government's move to allow employers the

freedom to pay young workers less than the minimum wage provided they provide some training.

Students, backed by trade unions and left-wing politicians, have been calling for Prime Minister Edouard Balladur to withdraw completely his youth wage law, ever since it was published in decree form last month. Mr Balladur has modified it slightly

to take account of complaints by graduates that their qualifications were being ignored in the pay provisions training under the law.

The prime minister now appears to be standing firm, with his interior and education ministers warning students to stay off the streets.

Work protest and affray, Page 9

An upstart in the heart of Bossi country

John Simkins on a Forza Italia candidate for the right in a Northern League stronghold



ITALIAN ELECTIONS March 27

Mr Raffaele Della Valle is careful not to say so, but as candidate in Monza for a four-party right-wing alliance in this weekend's Italian elections he is a cuckoo in the nest.

He belongs to Forza Italia which had a tough job convincing the populist Northern League to accept him as joint candidate. Monza, a town of 125,000 inhabitants on the northern edge of Milan province, has a League-dominated council and the party, led by Mr Umberto Bossi, has grown

accustomed in its eight-year life to regarding it as home ground.

But an election victory for Mr Della Valle in this first-past-the-post lower house seat matters greatly to Forza Italia, both within Lombardy, where Monza is the third largest town, and further afield. He would bring Mr Silvio Berlusconi's new party considerable prestige as a lawyer famous for the successful defence of the TV personality Enzo Tortora, who became Italy's *Dreyfus* of the 1980s when accused of involvement with drugs and the Camorra.

Mr Della Valle's chances are said to be strong but his candidature has thrown up prob-

lems for the right wing typical of much of the north. Mr Bossi's wild attacks on Forza Italia, which he regards as an upstart stealing League support, have created tension and Mr Della Valle cannot necessarily count on votes from the more radical League supporters.

Moreover, the chairman of the local industrial association has come out in favour of the candidate of the centrist Pact for Italy.

Right-wing voters also have the option of the National Alliance, the former neo-fascists, which has a pact with Forza Italia in the south but not in the north where it is anathema to the League.

Forza Italia have headquarters in Milan, they and the two smaller parties fighting alongside them widespread northern success. Indeed, in Milan and province Mr Roberto Cipriani, the Forza Italia co-ordinator, claims the alliance can take 29 of the 31 first-past-the-post seats for the lower house.

For Prof Guido Martinotti of Milan university's political science faculty the big question is whether Forza Italia backers will vote for League candidates. "That is what the other parties are capitalising on," he says.

As the senior partner in the alliance, League nominees make up the lion's share of candidates in Milan and prov-

ince. But the knowledge that they are shored up by reluctant Forza Italia supporters would weaken the right if it entered government. The measure of support for each party will become apparent in the seats reserved for proportional representation, which parties fight under their own banners.

These represent a quarter of all seats and, in Milan and province, total 10, on top of the 31 first-past-the-post seats.

Prof Giuseppe Maria Longoni, a historian who lives in Monza, detects falling support there for the League. "People thought problems would be sorted out but there has proved to be no magic potion," he says. Among these is the argu-

ment over how best to make use of the huge Villa Reale park, inside which is the Formula One racing circuit. The League says the track is a vital Monza asset but the greens have opposed it.

Mr Della Valle's programme, based on making Monza and the neighbouring Brianza an autonomous province, and setting up a university at Monza, is certainly not one with which the Northern League would disagree. "I want to avoid the risk of Monza becoming absorbed as an outlying district of Milan," he says.

Like other Forza Italia candidates, he is not a new face as he used to be a councillor for the now defunct Liberal party.



What Forza Italia is counting on is that the owners of the small textiles and furniture businesses at Monza will find that his face inspires confidence in the party as a credible national force.

Ministers to renew battle on EU votes

By Lionel Barber in Ioannina and Philip Stephens in Plymouth

European foreign ministers will today try to break the stalemate over voting rights in the European Union, but there seems little prospect of a deal.

Hopes rest on Britain and Spain offering "a goodwill gesture" which would avoid a breakdown in negotiations and coax their 10 EU partners into reciprocal movement at the two-day meeting in Ioannina, Greece.

"I don't think people are ready psychologically for a deal," a senior EU official said yesterday. The best outcome was likely to be an informal understanding offering the prospect of a settlement before Easter, possibly at a fifth meeting of the EU foreign ministers in Brussels on Tuesday.

Britain and Spain are insisting on maintaining voting rules allowing two large Union member states and one small country to block decisions in the Council of Ministers. The impasse risks delaying the admission of Finland, Sweden, Austria and Norway into the Union next year.

The rotating Greek presidency of the EU, backed by Germany, remains adamant that the Anglo-Spanish axis must accept an increase in the so-called blocking minority to take account of the four new members. Hopes of a compromise rest on a trade-off in which the UK and Spain concede that the blocking minority must rise from 23 to 27 votes. In return, countries mustering between 23 and 27 votes would obtain an automatic right to delay decisions for at least two months.

Britain is pressing for a legally binding protocol allowing it to delay decisions on contentious matters such as social policy. But senior EU officials said a commitment was "out of the question" because it would be rejected by the European Parliament, which must ratify the accession treaty.

Mr Douglas Hurd, UK foreign secretary, raised hopes of an eventual deal with an explicit declaration yesterday that he was prepared to reach a compromise on the issue. "We are flexible. We are willing to accommodate. But others have to be so also," he said.

Mr Hurd said the UK cabinet had allowed him "complete flexibility" to strike a deal, but he was uncertain whether an agreement would be reached at the weekend talks.

The voting rights row will dominate the two days of informal talks, with little time to address pressing matters such as instability in the Ukraine and Algeria and prospects for a peace settlement in former Yugoslavia.

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Bill Clinton stays cool under press barrage Media's teeth stick to Whitewater bit

By Jurek Martin in Washington

It was not as if it had been a quiet week. The likely next president of neighbouring Mexico had been assassinated; there had been coup rumours in Moscow; North Korea had threatened war on the South; the last US troops were leaving Somalia; the Fed had raised interest rates again; and budget and health bills had made progress in Congress. Worthy subjects all for a presidential press conference.

Not on Thursday night, though, and not to the White House press corps. It took a journalist - from Honduras of all places - asking the 18th question (about Mexico) of President Bill Clinton, to break the Whitewater lull.

It sometimes seems the capital's press - plus attendant politicians with their own motives - is alone in driving the Whitewater story. Polls show a public growing more concerned about it, but hardly surprising since that is what they are being fed. One survey found the evening TV news shows over the last two months had devoted three times as much airtime to Whitewater as crime and healthcare, which polls suggest the public does care about.

In many respects, Mr Clinton was at his resilient and rational best on Thursday night, ducking no questions, volunteering more information on his taxes and Whitewater losses and stoutly denying any

wrongdoing. He displayed no animus - not to the media nor even to Jim Leach, the Republican Congressman from Iowa, whose afternoon onslaught on the House floor had set an uncomfortable stage.

He showed again that he is not to be messed with in one-on-one verbal jousting. One reporter tried to trap him with questions on his responsibilities towards, and relationship with, the federal agency in charge of cleaning up the savings and loan debacle of the 1980s. "I think the last thing in the world I should do is to talk to the Treasury Department about the RTC [Resolution Trust Corporation]," Mr Clinton cracked back. "You all have told me that that creates the appearance of impropriety... you can't have it both ways." He got his only laugh of the evening.

Even his heaviest critics conceded that he had rendered an impressive performance. "Cool and confident," said the Los Angeles Times, "magnificent," said Jim Wooden of ABC News, "well armed," said the Washington Post, more grudgingly. Those who had half-expected a Nixonian "Checkers" speech were disappointed.

But far more serious was the sight of the White House press corps with the Whitewater bit between its collective teeth - Terry Hunt, AP bureau chief, Helen Thomas, UP1 doyenne, Brit Hume from ABC, Andrea Mitchell of NBC.

They cannot let go now -

and nor can their journalistic masters. For some there are Pulitzer prizes to be won, along with the recognition of their peers. Many of the younger breed, influenced by Watergate 20 years ago, seem persuaded that all public servants are only in it for the power and the money. Older hacks have their reservations, and write them up, but cannot stem the tide.

Some publications have motivations of their own. The leader writers of the Wall Street Journal see in Mr Clinton a counter-revolutionary force capable of wrecking Ronald Reagan's legacy.

They have allowed only three days this month to pass without savage editorial comment on the Clintons and their friends. Comparable assaults last year on Mr Vincent Foster, the deputy legal counsel in the White House, appear to have been a contributory factor to his suicide.

The New York Times, the best newspaper in the country by a city mile, has always had problems with smart southerners. Presidents Johnson and Carter, for example. Though much of its reporting has been careful and judicious, some of its Whitewater stories give the impression that Arkansas is a smelly object that has crawled out from under a prehistoric rock. A vast article last week, leading off with Mrs Clinton's profits as a commodities trader in the late 1970s and suggesting, without hard evidence, that the Clintons had been



Bill Clinton: at his resilient and rational best

bought wholesale by the state's chicken industry, was a classic case in point.

The Washington Post has been spurred by suggestions that it has been out-reported on Whitewater by the Washington Times, the arch-conservative daily owned by a Korean evangelist, Rev Sun Myung Moon. But even one of the Post's most famous products,

Carl Bernstein, of Watergate fame, confessed this week he was unimpressed by the quality of much Whitewater reporting. Some opinion polls point to public concern with the media's Whitewater obsession. In this climate, Mr Clinton can only plug away, as he did on Thursday night. Even the upcoming Easter recess is unlikely to offer much relief.

US turns its back on Somali troubles

By Leslie Crawford, Africa Correspondent, and Reuter

US troops completed their withdrawal from Somalia yesterday, leaving an emaciated UN force in charge of a country blighted by cholera, hunger and banditry.

Virtually all that remains of Operation Restore Hope, launched 15 months ago and aimed at feeding starving Somalis, is an orphanage in north Mogadishu which bears its name.

"We are pleased with what we have done," said Gen Thomas Montgomery, the US force commander, shortly before boarding a helicopter that would take him to a flotilla of warships waiting offshore. "We know there are hundreds of thousands of Somalis alive because of what we did."

Ironically, the marine officer organising the departure was Colonel Matthew Broderick, whose company was the last to evacuate the US embassy in Saigon towards the end of the Vietnam war in 1975.

"This is an orderly withdrawal ordered by the State Department. Saigon was anything but an orderly withdrawal," he said.

US officials have been recalling the humanitarian success of the early days in Somalia, when US foreign policy had been elevated to philanthropy, to justify their disengagement from a troublesome country where no strategic interests are at stake.

A well has been drawn over the failure of the US-led multinational peacekeeping force to disarm Somalia's warring clans.

The remaining UN peacekeepers, from African, Arab and Asian countries, have a limited mandate to protect food convoys and guard key installations, such as the port, airport and the heavily fortified UN compound in Mogadishu. But the UN soldiers have not intervened to halt the growing number of skirmishes around these installations and looting is increasing.

Paris deal cuts Ivory Coast debt by \$2.5bn

By Our Foreign Staff

The Paris Club of official creditor nations has agreed to a big debt reduction and rescheduling package that will reduce Ivory Coast's \$15.4bn (\$10.5bn) external debt by at least \$2.5bn.

The agreement is seen as a significant step in long-running efforts to resolve Africa's crippling external debt crisis. Sub-Saharan African debt has almost doubled over the past decade and now stands at nearly \$180bn.

Debt service payments are well beyond the capacity of the region and development agencies and African governments have been calling for a radical approach to the problem.

A potential beneficiary of the breakthrough in Paris is Nigeria, whose \$34bn external debt could be reduced by several billion dollars if the same terms were applied. However, the Nigerian government has failed to renew a lapsed policy agreement with the International Monetary Fund.

The first stage of the agreement for the Ivory Coast applies only to the non-concessional official debt totalling \$5bn, and the eventual benefit will be about half this amount. But it also provides for further bi-lateral agreements which, when concluded, will lead to further substantial debt reduction.

Ivory Coast is one of the world's most indebted countries in per capita terms.

The move, one of the most substantial debt deals offered by the Paris Club, follows an agreement on economic policy between the West African nation and the IMF.

The agreement, based on the so-called Trinidad terms of debt relief, is better than Ivory Coast might have expected. It is ranked as a middle-income country, while Trinidad terms are usually offered only to the poorest countries.

France, however, had promised at the time of the 50 per cent devaluation of the West

African CFA franc in January to press for the best possible terms of debt relief for CFA zone countries, particularly middle-income countries.

Less than half the external debt is owed to official creditors represented by the Paris Club, according to the latest World Bank figures.

The French Economy Ministry said the Paris Club met on March 23 to discuss Ivory Coast's debt. The French Treasury acts as secretary to the club.

"[Paris Club members] welcomed the implementation, with the support of the International Monetary Fund, of an economic adjustment pro-

Nigeria, with external debts of \$34bn, is a potential beneficiary

gramme and took note of the very weak per capita income in Ivory Coast and the very big cost of its debt, justifying, in this case, exceptional treatment in terms of debt restructuring," the ministry said.

The terms offer two options: a write-off of 50 per cent of the debt service obligations due on non-concessional loans and credits and consolidation of the rest of the debt at market rates over a 23-year period, with six years' grace.

Alternatively the creditors can consolidate the total debt owed at concessional interest rates over 23 years so as to reduce by 50 per cent the net present value of the payments due on non-concessional loans and credits.

The Trinidad terms were first proposed in September 1990 by Mr John Major, the British prime minister, but implementation has been slow, with the Japanese government having reservations about the terms offered.

NEWS IN BRIEF

HK banks follow US and raise rates

Hong Kong yesterday succumbed to the recent rise in US interest rates and announced a 0.25 percentage point increase in bank base rates to 6.75 per cent, writes Simon Holberton in Hong Kong. The decision by Hong Kong Bank and Standard Chartered Bank to raise rates ends the decline in borrowing costs which began in May 1991, when rates were cut to 9.5 per cent from 10.5 per cent.

The rise, effective from Monday, had been expected. Hong Kong's currency is fixed to the US dollar at a rate of HK\$7.3 to the US unit, to maintain the link the colony needed to raise rates.

Walesa blocks finance posting

Poland's two-month search for a finance minister hit further delays yesterday when President Lech Walesa refused to accept Mr Dariusz Rosati for the post, writes Christopher Bohinski in Warsaw. Mr Rosati, an economist working for the UN in Geneva, had been proposed by the social democratic SLD, the larger of the two governing coalition parties. His name was grudgingly put to Mr Walesa for formal approval by Mr Waldemar Pawlak, the prime minister and the PSL farmers' party leader, yesterday after heavy pressure from the SLD, which was handed the finance portfolio in the coalition deal agreed between the two parties last autumn.

By blocking the candidature President Walesa is in effect backing Mr Pawlak, who is fighting to win more control over financial policies and has been unhappy with Mr Rosati.

Lawrence wins cabinet seat

Ms Carmen Lawrence, the former West Australian premier and a newcomer to Canberra politics, was yesterday given the health and human services portfolio and a seat in cabinet in the fourth reshuffle undertaken by Mr Paul Keating, Australia's prime minister, in as many months, writes Nikki Tait in Sydney.

The decision to combine human services with the health job means that Mr Brian Howe, the deputy prime minister, loses these responsibilities but becomes minister for housing and regional development - picking up the regional job from industry minister Peter Cook.

Mr Cook, in turn, takes on responsibilities for science. Mr John Faulkner becomes minister for the environment, sport and territories.

Opec uncertain of output-cut support

By Robert Corzine in Geneva

The Organisation of Petroleum Exporting Countries yesterday failed to decide whether there was sufficient support from sympathetic independent producers to orchestrate a co-ordinated worldwide cut in output. They are to resume talks today.

The 12 Opec ministers were

told that eight countries - Russia, Oman, Yemen, Syria, Egypt, Brunei, Malaysia and Colombia - have agreed to make cumulative cuts of 200,000-250,000 barrels a day to bolster weak oil prices.

Opec has been reluctant unilaterally to reduce its 24.52m b/d output ceiling for fear that rising production from non-Opec states would make up for

any shortfall. But it is divided over the wisdom of making any cuts at all, given forecasts that demand for Opec oil will rise to current production later in the year. Yesterday's debate was "lively," according to Mr Hisham Nazer, Saudi oil minister.

Delegates expressed concern that commitments made by non-Opec producers might

prove hard to monitor. They were also worried about apparently contradictory Russian statements, which signalled support for Opec while indicating a desire to increase oil exports.

Analysts maintain that a cut of at least 1m b/d is needed to have any significant or lasting impression on oil prices.

Israeli-PLO negotiators inch towards full talks

By David Horowitz in Jerusalem

A month after the Hebron mosque massacre forced the suspension of Israeli-PLO peace talks, officials on both sides indicated yesterday that most of the terms for resumption of negotiations had been agreed.

Israeli and PLO officials intend to meet again in Cairo on Tuesday to finalise arrangements for the temporary deployment of about 100 lightly-armed Norwegian observers in the West Bank town of Hebron, in accordance with a UN Security Council resolution passed last week, and for the recruitment of several dozen

Palestinian policemen to serve in the town.

Provided these details can be swiftly agreed, the two delegations will broaden their discussions and focus on the "Gaza and Jericho first" autonomy deal - effectively resuming full peace talks.

Before Jewish settler Baruch Goldstein massacred 30 Palestinians in Hebron's Cave of the Patriarchs on February 25, the autonomy deal was close to completion.

Mr Shimon Peres, Israeli foreign minister, estimated yesterday that it could be ready for signing within three weeks. It is believed that once the agreement is signed the

deployment of a first contingent of Palestinian policemen in Gaza and Jericho would go ahead. The Israelis have also committed themselves to an accelerated withdrawal of most of their forces from Gaza and Jericho.

Signs of a diplomatic breakthrough have done little to ease the tension in the occupied territories.

Palestinians in the West Bank and Gaza yesterday observed a general strike in honour of the massacre victims and Hebron remains under curfew.

The Israeli army yesterday extended the curfew to the neighbouring West Bank towns of Ramallah and al-Birah.

ANC supporters march in Durban

By Patti Waldmeir in Johannesburg

About 100,000 supporters of the African National Congress marched yesterday through the streets of Durban, in Natal province, to demand the freedom to vote in South Africa's April elections.

The march was the first event in the ANC's planned mass action campaign aimed at increasing popular pressure on KwaZulu homeland leader Chief Mangosuthu Buthelezi, who is boycotting the poll.

Political moves are also afoot to try to avert a threatened confrontation between the multi-party Transitional Executive Council and Chief Buthelezi. President F.W. de Klerk is

expected to meet Chief Buthelezi at the weekend to seek a political solution to the Natal crisis. He is expected to warn the KwaZulu leader that if he does not ensure free political campaigning in the homeland, and perhaps accept that his Inkatha Freedom party participates at least in provincial elections, the president will have to allow the TEC to intervene in the homeland's administration.

ANC officials said they did not believe Chief Buthelezi could be legally removed from power, but that his control over areas such as homeland policing could be withdrawn. This would be tantamount to toppling him, while leaving him nominally in control.



Buthelezi: faces intervention

Japan's property prices fall

Japanese land prices dropped for the third consecutive year in 1993, writes Paul Abrahams in Tokyo. The fall, the aftermath of property speculation during the late 1980s "bubble economy", is a serious problem for Japan's banks which hold about ¥14,000bn (\$89.7bn) in bad loans, on which most of the collateral is property.

The National Land Agency said residential property prices fell 4.8 per cent last year and would fall further this year. That compared with an 8.7 per cent fall in 1992. Commercial property prices dropped 11.3 per cent on average, against 11.4 per cent the previous year.

Tokyo has been hit by the collapse in prices far more than other cities. In many regional cities prices were unchanged or fell only slightly, according to the agency. However, commercial prices in the capital fell 19 per cent last year, while in central Tokyo they plunged 23.7 per cent. Residential prices in central districts fell 24 per cent in 1993.

The continuing strength of the recession in Japan was underlined yesterday when department stores reported sales down 4.2 per cent in February, against the same month last year. Cold weather and consumers buying cheaper goods were partly to blame.

REPUBLIC OF LEBANON COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION MINISTRY OF HYDRAULIC AND ELECTRIC RESOURCES

INVITATION TO BID

The Lebanese Government, represented by the Ministry of Hydraulic and Electric Resources and the Council for Development and Reconstruction (CDR), is launching an international tender for the supply and the construction of the electrical line of Dbayeh pumping station from the power generation plant of Zouk.

This supply will comprise two 66 KV buried electric power lines (3 x 300 mm², 15 MVA each) on an approximate length of 4100m and all relative works including connection equipments.

Suppliers will have to deliver a fully fitted and ready for use supply within a maximum duration of 39 weeks.

Financing is available from the Italian Government for Italian contractors. Non-Italian contractors are also invited to participate to the tender on the condition that their offer be linked to a financing proposal.

Tender Documents will be available at the CDR office at the cost of US\$ 500 (Five Hundred US Dollars) as from Thursday, 24 March 1994 at the following address:

Council for Development & Reconstruction
Tallet El-Seray - PO Box 116-5351
Beirut - Lebanon

Deadline for returning the duly completed document with all requested justifications is 12:00 noon (Beirut Local Time) on Thursday, 26 May 1994.

REPUBLIC OF LEBANON COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION MINISTRY OF TRANSPORTATION

INVITATION TO BID

The Lebanese Government, represented by the Ministry of Transportation and the Council for Development and Reconstruction (CDR), is launching an international tender for the supply of buses.

The tender will comprise 140, 7.5 to 9 meter long buses, with a capacity of 40 passengers, of which 20 seated, for the urban public transport (mainly Beirut).

Suppliers will have to deliver the 140 buses fully fitted and ready for use in several equivalent lots spread on a maximum duration of 18 months.

Financing is available from the Italian Government for Italian suppliers. Non-Italian suppliers are also invited to participate to the tender on the condition that their offer be linked to a financing proposal.

Tender Documents will be available at the CDR office at the cost of US\$ 2000 (Two Thousand US Dollars) as from Thursday, 24 March 1994 at the following address:

Council for Development & Reconstruction
Tallet El-Seray - PO Box 116-5351
Beirut - Lebanon

Deadline for returning the duly completed document with all requested justifications is 12:00 noon (Beirut Local Time) on Thursday, 26 May 1994.

NEWS: UK

Lyell blames officials over PII certificates

By John Mason,
Law Courts Correspondent

Sir Nicholas Lyell QC, the attorney-general, yesterday blamed civil servants under his supervision for errors over the handling of claims for public interest immunity certificates (PII) during the Matrix Churchill trial.

In his final day giving evidence to the Scott inquiry, Sir Nicholas admitted that both the trial judge and prosecuting counsel should have

been told by government lawyers from the Treasury Solicitor's Department that Mr Michael Heseltine, the trade and industry secretary, had objected to signing a PII certificate.

Although insisting he was not trying to evade his responsibilities as the minister responsible for supervising Treasury Solicitor's Department lawyers, Sir Nicholas said he could not be expected to "second-guess" the way they carried out their work. Mr Heseltine had been concerned that the PII certificate, which

attempted to prevent official documents being disclosed to the defence, would endanger the chances of a fair trial. He consulted Sir Nicholas who then instructed him that he was under a duty to claim PII and had no discretion in the matter.

Sir Nicholas said he had trusted lawyers in the Treasury Solicitor's Department to pass on the correspondence between himself and Mr Heseltine on the issue to Mr Alan Moses QC, the chief prosecutor. This had not been done and the

failure meant the case for claiming PII was wrongly argued by Mr Moses to the judge, Sir Nicholas admitted.

"There were a number of things that did not happen as they should," Sir Nicholas told Lord Justice Scott. He agreed that instructions given by the government solicitors to Mr Moses were too brief and misrepresented the position in stating that all ministers concerned were seeking the disclosure of the documents. The attorney-general agreed with Lord Justice Scott that it would have

been both possible and preferable for Mr Moses to have told the judge of Mr Heseltine's concern for the documents to be disclosed.

Sir Nicholas said: "I am a minister of the Crown. The Treasury Solicitor's (Department) falls under my responsibility and I accept that." However, distancing himself from his staff, he said his job did not include "day to day" supervision of their activities. It was impractical for the small team of people in the attorney-

general's office to monitor all the activities of the Treasury Solicitor's Department, he said.

Sir Nicholas also stated that Mr Moses had given him a firm assurance that the documents the government wanted withheld would not endanger the prospects of a fair trial. Not having seen the documents himself, Sir Nicholas said he had personally checked this with Mr Moses shortly before the trial started. "Mr Moses did indeed confirm it," he said.

Cinema use falls 25.7% in quarter

Cinema admissions in the last quarter of 1993 were 25.7 per cent below the figure in the third quarter, say Central Statistical Office figures, Raymond Snoddy writes.

The fall comes against a background of rising cinema admissions in the UK. There were an estimated 22.6m admissions in the period and 1,625 screens were operating at 511 sites with average revenue per screen of £38,600. Estimates of cinema activity in the UK are calculated from the returns made by a small voluntary panel of contributors.

Teachers' 2.9% rise confirmed

A 2.9 per cent increase in teachers' pay in England and Wales will apply from next week, education secretary Mr John Patten said yesterday.

The government had insisted there would be no extra money for public-sector pay rises this year and the cash would have to be found by increased efficiency or cost cuts.

HSE to examine radiation leak

The Health and Safety Executive is to investigate an incident in which two workers at the Aldermaston atomic weapons establishment were contaminated by radiation.

The Ministry of Defence said the dose involved was "very small" but still above strictly applied safety levels. The leak happened during routine work in a laboratory at the plant in Berkshire.

Yorkshire miners move union assets

The Yorkshire area of the National Union of Mineworkers has voted overwhelmingly to transfer its assets to the national union in Sheffield.

The 88 per cent vote in favour of the transfer of undertakings secures the union's immediate future and underlines the strength of Mr Arthur Scargill's presidency.

Yorkshire has about three-quarters of the union's membership of about 8,000.

Northern Electric regains contract

Northern Electric has recaptured the electricity supply contract for Fujitsu Microelectronics' microchip plant in Newton Aycliffe, County Durham, from PowerGen, Fujitsu confirmed yesterday.

The £2.5m contract for a year's supply from April 1 will be signed on Monday.

Judgment reserved on company director

The Court of Appeal yesterday reserved judgment on the appeal of Mr Michael Hunt, the managing director of Nissan UK, the former car importer.

Mr Hunt was jailed for eight years last July after being convicted of defrauding the Inland Revenue of more than £50m in unpaid corporation tax. He is appealing against both conviction and sentence. The result is expected late next month.

Tecs fear cuts to start-up scheme

By Lisa Wood,
Labour Staff

The business start-up scheme, which last year assisted more than 30,000 unemployed people into self-employment, may be severely curtailed in the next few years, local development bodies have warned.

The warning about the scheme comes from training and enterprise councils, which administer government training schemes in England and Wales; and from enterprise agencies, small business advice centres backed by funds from the private and public sectors.

In 1993-94 the scheme, which offers subsidies of about £50 a week for six months to unemployed people who want to set up their own businesses, cost the Department of Employment some £62m.

From next month the scheme will transfer into the new single regeneration budget, which brings together programmes from several departments.

Budgets for programmes will no longer be ring-fenced and Tecs, along with local authorities and other organisations seeking money for economic development and regeneration, will have to compete for the funds.

Tecs and enterprise agencies fear that the business start-up scheme could suffer because of a new government emphasis on helping existing businesses, which offer more prospect for creating jobs.

Their fears have been provoked by a cut of up to 50 per cent in budgets for business start-ups in 1994-95, which is being treated as a transitional period.

Mr Malcolm Allen, chief executive of Sussex Tec, said: "There is concern among Tecs that the senior regional directors will choose not to re-finance the scheme because of demands from other areas."

Mr Peter Brown, general manager of the London Enterprise Agency, said: "Although concentration on job creation through existing businesses is laudable I worry about the transfer of resources away from start-ups which are also a potential job creator."

The Workstart programme, aimed at getting the long-term unemployed back to work, is to be extended by six months, Mr David Hunt, employment secretary, said yesterday.

The pilot schemes will now run at least until the end of September, he said in a Commons written reply.

The schemes began last summer, offering financial incentives to employers to take on the long-term jobless.

■ Tories in Plymouth issue blunt attacks ■ Alternative leaders discussed ■ Voting rights motions defeated

Senior ministers combine fire on opposition

By James Blitz
and David Owen

Leading government figures issued blunt attacks on Labour and the Liberal Democrats yesterday as the Conservative party kicked off its campaign for the forthcoming local and European elections.

In a series of speeches at the Conservative Central Council in Plymouth, cabinet ministers gave detailed appraisals of the policies being carried out by their departments.

However, most of their effort was concentrated on attacking the opposition parties, with as much time spent deriding the Liberal Democrats as the main opposition.

Sir Norman Fowler, the party chairman, promised delegates that the party was fully committed to fighting both election campaigns, and had organised "the biggest series of ministerial tours outside a general election".

But, amid several swipes at the Labour leadership, Sir Norman underlined the impression given in recent days that Tory party managers see the Liberal Democrats as the biggest threat. "In May and June, we must take the attack to the Liberals," he said. "They have had a free ride for too long."

Mr David Hunt, the employment secretary, issued a detailed attack on Labour's economic policies, arguing that its commitment to a statutory minimum wage and full employment was "socialist nonsense".

He added: "If the trade unions want to end their years of decline, they must sever



Douglas Hurd (second from left), the foreign secretary, acknowledges the applause for his address at Plymouth yesterday in which he called for party unity on Europe

their links with this sort of dogma. They must get back to the workplace, selling their services to their members."

Mr Michael Howard, home secretary, emphasised that his tough stance on punishing and preventing crime would not be undermined by recent reverses in the House of Lords.

Mr Peter Lilley, social security secretary, also hinted that

reductions in his department's £80bn expenditure on welfare benefits were still essential if the government was to get a firm grip on public expenditure.

However, he underlined that there was no question of ministers making any changes to the universal state pension. "We Conservatives won't means-test your pension," Mr

Lilley told his audience. "We have no intention of punishing the prudent, and the basic pension is a platform people can build on."

Speaking in Bath, the chancellor, Mr Kenneth Clarke, said Liberal Democrat proposals for a carbon tax along with value added tax on domestic fuel at 5 per cent would cost the average household £160 a year.

He said the effect on the less well-off would be proportionately greater.

Mr Clarke added that Liberal Democrat proposals to raise income tax, to limit the personal allowance and to increase National Insurance contributions for the self-employed added up to a "devastating tax demand".

Accusing the Liberal Demo-

crats of saying one thing and doing another, Mr Clarke said the party was "as usual... trying to have it both ways".

The chancellor added that while claiming to be "green" with Friends of the Earth, the Liberal Democrats simultaneously condemned VAT on fuel as a "death tax" even though they had once advocated it.

Major supporters who harbour private despair

By James Blitz

Standing in one of the bars in the Plymouth Pavilion, the young delegate from the Midlands drew on her cigarette and chose her words carefully.

"Talking on the record, I think John Major is the best leader we could possibly have," she said. "Off the record, I think we need a change of leader as soon as possible. The situation is desperate."

Public satisfaction and private despair with the prime minister were much in evidence in the bars and tea rooms at the Conservative central council yesterday. Publicly, the 400 delegates who make up the party's most loyal activists were full of praise for Mr Major: for his negotiating skills, his human qualities, and a tough stance on Europe.

But behind the delegate, ask who they would like to see as party leader by the end of the year, and it is clear they

have thought the issue through very carefully. "Heseltine has all the charisma and the punch to give us the impetus we need," said a prospective parliamentary candidate, carefully turning over his conference pass so his name could not be seen. "He has the leadership qualities, the oratorical skills, the judgment to bring us victory."

Another prospective candidate agreed. "Looking back," he said, "I think we made a

mistake not to choose Michael Heseltine as our leader."

Six months ago, Mr Heseltine, the trade and industry secretary, might have been discounted by many for his role in bringing down the last leader. But as one delegate said: "All that was seen was a man."

Mr Kenneth Clarke, the chancellor, also had supporters. "He is a class act," said a woman from the west country, "and the Budget was a technical triumph."

There is no doubt that Mr Major enjoys strong support. "I have met him personally and he is stronger than any other candidate," said Ms Glynis Hurle-Hobbs, a councillor.

But the praise yesterday was often lukewarm, apologetic. "He will stay as long as he wants to stay," said Mrs Denise Thomas from Brecon and Radnor. "He took over at a time of huge difficulty for the country," said one delegate. "He has

done nothing wrong, it's just that people don't trust him any more."

By chance, Mr Major, Mr Heseltine and Mr Clarke were in what Conservative Central Office is calling a beauty contest.

Yet some delegates are troubled by deeper issues than who will be their leader. After six months of revelations about Tory politicians' personal lives, the Scott inquiry and questions

over the accountability of government, they are voicing fears that the party and its MPs are losing touch with ordinary people.

"I don't care who is leader," said a woman who runs one of the largest constituency associations in the south of England. "But if there is a contest, I hope the candidates start it by putting on false moustaches and glasses, getting out of Westminster and speaking to people."

Ashdown warns on EU reforms

By Kevin Brown,
Political Correspondent

Mr Paddy Ashdown, the Liberal Democrat leader, yesterday warned the European Union that the next round of institutional reforms will fail unless national parliaments are involved in negotiations.

Mr Ashdown told the European Movement in Brussels that the Commons "will not put up with another Maastricht in terms of being asked to ratify something that appears to be a fait accompli".

He said the next inter-governmental conference on

EU constitutional reform, due in 1996, should include both the European parliament and the parliaments of member states.

He also called for the addition of employment trends to the economic convergence criteria for European monetary union, from which Britain has been granted an opt-out.

He said this would mean that "before the EU could deliver a common currency - something which its people suspect - it would first have to deliver something they welcome - jobs."

Mr Ashdown's comments

reflect the cautious approach being adopted by the Liberal Democrats in the run-up to the European parliament elections on June 9, when the party expects to win seats for the first time.

Liberal Democrat leaders have played down the party's long-standing commitment to European integration since last year's tortuous parliamentary debate on the Maastricht treaty, when the party helped the government to secure ratification.

However, Mr Ashdown attacked the government's "negative" opposition to EU

proposals to change the union's qualified majority voting system after the accession of Austria and three Scandinavian countries.

Accusing the government of "playing the nationalist card," he said it was in Britain's interests to have a workable qualified majority voting system to promote agricultural reform, rather than allowing "stubborn minorities" to defend vested interests.

"Maintaining the unity of the Conservative party by appealing the nihilists on the right is not a vital national interest," he said.

Lib Dems play down fresh race row

By Kevin Brown

Embarrassed Liberal Democrat leaders were yesterday playing down the second race-relations controversy involving the party's controversial Tower Hamlets branch in three months.

Mr Paddy Ashdown, party leader, said attempts by Tower Hamlets activists to achieve an "ethnically balanced" election ticket were "well-intentioned, but misguided".

Mr Ashdown was responding

to disclosures that a ballot of members in two wards in the Liberal Democrat controlled east London borough had been used to produce a mix of white, Asian and Afro-Caribbean candidates for the local elections in May. The disclosures were doubly embarrassing for Mr Ashdown, who warned last month that the politics of race must not be allowed to get a grip in London's east end.

The issue is sensitive for the Liberal Democrats after the

internal party inquiry last year, which ruled that some of the party's activists in Tower Hamlets had pandered to racist sentiment during the Isle of Dogs by-election campaign. The poll was won by the extremist British National Party (BNP), which threatens to win further east London seats in May.

Mr Graham Tope, president of the Liberal Democrats' London region, said the Tower Hamlets party was trying to

fight racism by fielding a slate of candidates reflecting the borough's complex ethnic mix. "There was no attempt to be racist by anyone," he said. "Their view was that a balanced ticket reflecting the makeup of the area was the best way of defeating the BNP."

Tower Hamlets party leaders are expected to meet tomorrow to recount the ballot results without regard to ethnic background.

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Lloyds raps investment watchdog

By Alison Smith

Another cloud was cast over the Personal Investment Authority, the new regulator to protect private investors, yesterday when Lloyds Bank described the PIA proposals as "seriously flawed".

The comment came a day after Prudential, the UK's largest life insurer, said it would not apply to join the PIA but would insist on its right to be regulated directly by the Securities and Investments Board, the chief financial watchdog.

Lloyds, the high street bank which sells life insurance through its Lloyds Abbey Life arm, said the new regulator offered "neither the merits of genuine self-regulation nor the settled framework and clear accountability of regulation by a statutory body".

The bank has so far stopped short of refusing to join the new regulator, but the fact that it is prepared to make public its reservations at this late stage will be a blow to the PIA, which is due to take over as the regulator for retail financial services in July.

Its formation has been the subject of fierce controversy within the financial services sector, and many organisations which have said they will join have done so without enthusiasm.

Now the PIA's supporters are lobbying to ensure that important groups in the sector,

which have not yet declared their hand, will sign up for the new watchdog. Earlier this week, Halifax, the UK's largest building society, said it had "serious reservations" about the PIA.

TSB, National Westminster and Barclays banks have either applied or made clear that they will do so. Midland has yet to make an announcement.

While the position of some banks and building societies is still in the balance, there is growing confidence at the PIA that even life insurers which do not like the proposals – such as Friends Provident – will apply.

The government has made clear its determination to see that the PIA goes ahead on schedule. But the political controversy over the plans will intensify next Wednesday, when ministers will come under renewed pressure to defend their preferred regulatory system in a Commons debate.

Labour, which has called the debate on personal pensions and regulation, will use the occasion to press the government to respond to Prudential's refusal to join the PIA.

Mr Alistair Darling, the party's City spokesman, said he saw the decision as symptomatic of significant dissatisfaction among many smaller companies and independent financial advisers.

BA fare cuts set to spark price war

British Airways yesterday announced a package of bargain fares for customers booking within the next three weeks.

The cuts, ranging from a third to a half, have been made in an attempt to attract more leisure travellers.

Virgin Atlantic immediately pledged to file new fares in the next few days to counter the BA move. Mr Richard Branson, Virgin chief, said: "We will never let BA undercut us."

BA said savings of more than £300 could be made on trips to the Far East or Mexico, £200 to the Caribbean and £100 to the US, South Africa and Europe. Trips to Europe or North America must include a Saturday night and those elsewhere must be for at least a week.

Backed by a £3m advertising campaign, tickets go on sale today and include return flights from London to New York for £289 – saving £110 on the lowest BA fare.

Under the World Offers scheme, which lasts until April 15, a ticket to Mexico will cost £349 (saving £89); and Jamaica will cost £339 (saving £59).

Mr Robert Ayling, BA group managing director, said yesterday: "We want to be the leisure traveller's favourite airline as well as the business traveller's."

BA added that these discounted fares are not eligible for air miles on their Executive Club frequent flyer programme. Only full-fare tickets are eligible for air mile credits.

OFT chief attacks music charts

By Michael Skapinker, Leisure Industries Correspondent

Sir Bryan Carsberg, director-general of fair trading, said yesterday that the way in which the Top 40 music chart was compiled was "significantly anti-competitive".

Sir Bryan confirmed statements by the Office of Fair Trading last month that the matter would be referred to

the Restrictive Practices Court.

He said he was concerned about agreements under which the British Association of Record Dealers undertakes not to supply sales information for the compilation of the charts to anyone other than the chart information network and its research contractor.

The network earlier this year awarded the contract to compile the charts to Millward

Brown, a research company. The contract had previously been held by Gallup, the polling organisation. Sir Bryan is asking the court to examine both contracts.

The network is jointly owned by the British Phonographic Industry, the music companies' trade body, and Spotlight Publications, publishers of Music Week. Spotlight is owned by United Newspapers.

After Millward Brown won the contract, Gallup complained to the OFT that it should continue to have access to sales data so that it could compile an alternative to the official charts. Gallup yesterday welcomed Sir Bryan's announcement.

Ms Catharine Pusey, the network's charts director, said: "We will be vigorously defending our agreements before the

Restrictive Practices Court. The only complaint to date about the arrangements has been from Gallup, which was content to participate in and benefit from them for a number of years."

Mr John Pinder, Gallup's charts director, said that his company had never asked for the exclusive right to record dealer information that it had under the previous agreement.

Braer captain escapes action

The master of the Braer oil tanker, which was wrecked in high seas off Shetland in January last year, is not to be prosecuted.

Law officials in Edinburgh confirmed yesterday that no criminal proceedings are to be launched against anyone over the incident, in which more than 85,000 tonnes of oil spilled into the sea.

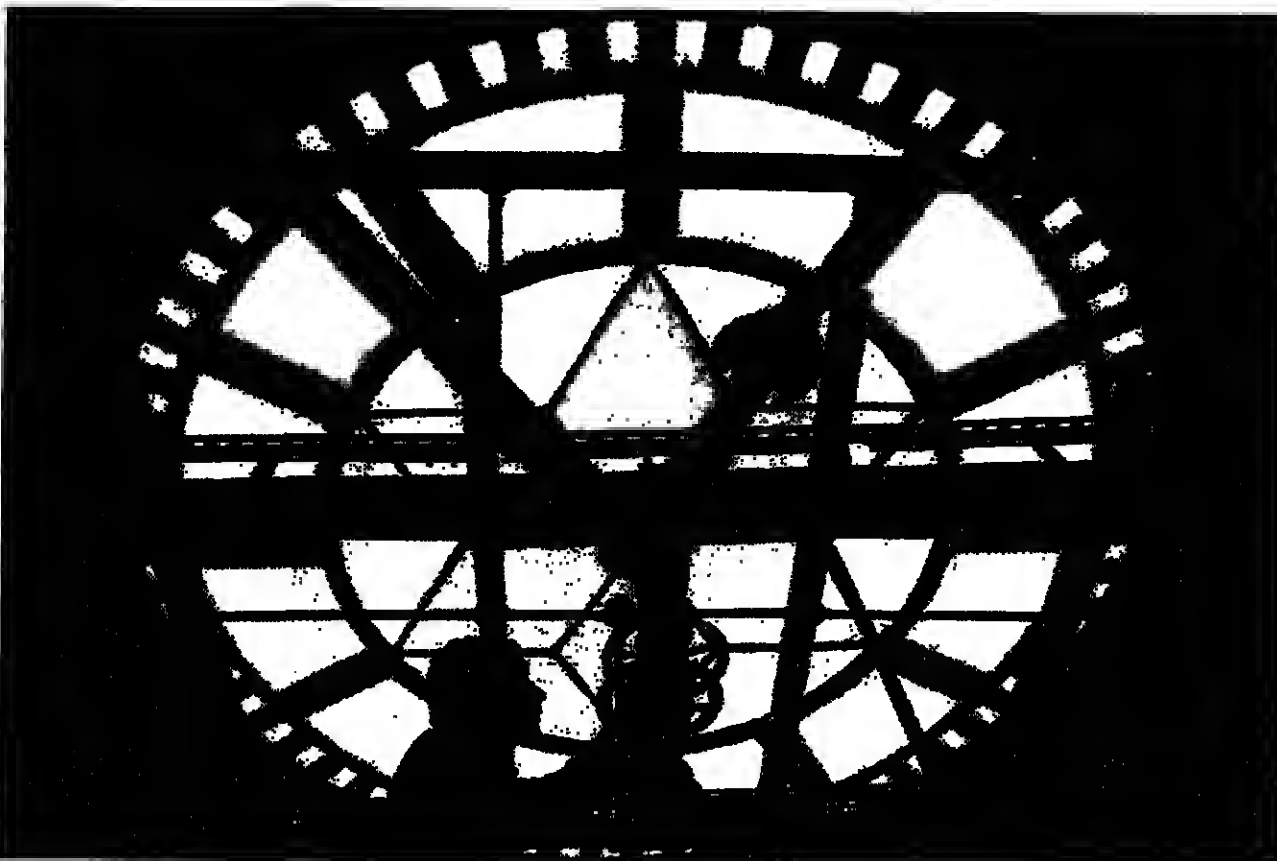
No reason for the decision was given by the Crown Office in Edinburgh. Mr Jim Wallace, Liberal Democrat MP for Orkney and Shetland, said he would seek an explanation from Lord Rodger of Earlsferry, the lord advocate.

The master of the Braer, Captain Alexandros Geli, was criticised in a report last January by the Department of Transport marine accident investigation branch.

It blamed him for failing to deal with steel tubes that broke loose on the deck of the Braer and smashed into fuel tank vents, leading to fuel contamination and engine failure.

Mr Wallace said that if yesterday's decision was taken on "policy" grounds, it would be a matter for concern. However, if it was felt there was insufficient evidence to make a case beyond reasonable doubt, that decision was for the Crown lawyers.

The decision not to prosecute does not prevent civil proceedings, but Shetland Islands Council said yesterday it would not pursue that course.



Hands on work: Brian Makin, clock maintenance officer for the town hall clock in Paisley, Strathclyde, preparing the mechanism yesterday for winding the time forward an hour for summertime. All clocks in Britain should be put forward by one hour tonight

Loophole in data protection to be shut

By Motoko Rich

The Home Office is to close a legal loophole that could allow people to gain unauthorised access to personal data held on computers.

Mr Eric Howe, the data protection registrar, welcomed the move, announced in Parliament on Thursday.

It follows his call last year for a tightening of the law to cover third parties who obtain electronic personal data by deceit from organisations such as banks and health authorities.

The British Bankers' Association said it was delighted by the Home Office's plans and echoed the registrar's concern that individuals and agents specialising in supplying private information have been using deception to get at information such as bank balances and account numbers, pension arrangements and salary details.

Although the Data Protection Act, the Theft Act and the Computer Misuse Act are designed to guard such information, it is still difficult for courts to prosecute individuals and agencies who gain unauthorised access by deception. The amendment would make such procurement a criminal offence.

Earl Ferrers made the announcement in response to a question by Baroness Nicol, who expressed concerns that "several members of this House received an offer of services from ACT Investigations Group offering... to supply for payment details of personal telephone calls, of mortgage repayments, of bank balances and of arrears on electricity and other bills".

ACT said it "does not obtain information by deception, but we could not be responsible for all the third parties we deal with".

Branson fails to win M&S lottery endorsement

By Raymond Snoddy

Mr Richard Branson's Lottery Foundation has failed to win a formal endorsement from Marks and Spencer before the winner of the race to run the National Lottery is announced.

Mr Branson, who has launched the lottery bid with Lord Young, the former trade and industry secretary,

hoped the retail group would back the bid because, unlike the other seven bidders, the foundation plans to hand all the profits to charity.

When the bids were submitted in February, Mr Branson said M&S was "inclined to support" his bid and would decide in March whether to put foundation computer terminals in its stores. This would have been a coup

for the foundation. The impression was given that M&S might refuse to get involved with other bidders.

In fact M&S has decided not to endorse any bidder and will wait until the Office of the National Lottery has chosen the winner in May. The store chain – which is interested in the Branson/Young approach to running the National Lottery – will then have

talks with the winner. Meanwhile Rainbow, the consortium put together by Sir Patrick Sheehy, chairman of BAT Industries, has submitted a detailed contract to the lottery office on how its proposal would work.

Although Rainbow has bid for the main operator's licence, it intends to subcontract the main part of the lot-

tery – the on-line network of computer terminals – to one of its rivals. Rainbow would concentrate on the instant part of the lottery, the scratch cards. Sir Patrick claims more money would be raised for good causes if there were competition between two lottery operators with one specialising in terminals and the other on scratch cards.

Howard backs new body to review criminal cases

By Robert Fice, Legal Correspondent

Government proposals for a new independent body to take over investigating alleged miscarriages of justice from the Home Office were presented yesterday by Mr Michael Howard, home secretary.

The Criminal Cases Review Authority was recommended by last year's report of the Royal Commission on Criminal Justice. It would act as a body of last resort after normal avenues of appeal had been exhausted, and would have the power to refer cases back to the Court of Appeal.

The Home Office reviews about 700 cases a year, with

the home secretary referring about 10 to the appeal court. Between October 1988 and March 1993 the government paid £3.4m in compensation and ex gratia payments to 70 people who had been wrongfully convicted.

Mr Howard, launching a discussion document, said that Home Office thinking differed from the recommendations of the Royal Commission in two respects.

The government proposes that the authority should have the power to refer cases to the courts on grounds of sentence as well as conviction. The government also wants the authority to take on responsibility for investigating wrongful convictions in magistrates' court cases.

At the moment, once appeal procedures have been exhausted in summary cases, errors can be corrected only by exercise of the royal prerogative.

Mr Howard said he hoped to introduce legislation as soon as possible but could not guarantee space in the parliamentary programme next year.

Asked why he had delayed nine months before issuing a discussion paper based almost exactly on the recommendations of the Royal Commission, Mr Howard said it was important not to rush matters which involved such "major constitutional change".

Rail crash probe begins

By Charles Batchelor, Transport Correspondent

Crash investigators were last night trying to discover why two trains carrying more than 150 passengers collided yesterday, injuring 35 people, two of them seriously.

The accident happened at Newton Abbot station in Devon just before 10am when a Paignton-Cardiff train ran at low speed into the back of a stationary InterCity train.

Some passengers were trapped in the crash and had to be freed by firemen, but most

needed only minor treatment in hospital for "whiplash" injuries, cuts and bruises.

Rail services were disrupted, but resumed later. British Rail said it was looking at all possible causes of the crash, including brakes, signals and equipment. Officials from the Health and Safety Executive and the Railway Inspectorate were examining both trains.

British Rail has been testing a computerised train safety programme, Automatic Train Protection, which is intended to take over if a driver takes a wrong decision or a train fails

to respond to signals. Trials have been in progress on two routes, London to Bristol and London to Aylesbury, for two years but have been delayed by cash shortages and the complexity of the rail network.

● The cost to the taxpayer of rail privatisation is expected to reach about £92m by the end of this month, transport minister Mr Roger Freeman said in a Commons written reply yesterday.

He said the costs were small in relation to the size of the business and the benefits of reform.

French group could face shipyard redundancy bill of £1.5m for 490 jobs

Swans costs may fall on buyer

By Chris Tignor

The cost of another round of redundancies during the next two months at Swan Hunter, the Tyneside shipbuilder in receivership, may fall on the French company negotiating to buy the yard, even if it does not complete the purchase until the summer, it emerged yesterday.

Receivers Price Waterhouse this week warned the unions that 490 jobs are at risk when Swans hands over the Type 23 frigate HMS Northumberland on May 12, leaving insufficient remaining work for the present 1,038 employees.

Constructions Mécaniques de Normandie is hoping to reach agreement within three weeks on the purchase of Swan Hunter, conditional on the yard winning the refit of the Sir Bedivere landing ship – a decision not due to be announced until July 20.

But because CMN is now in negotiation with the receivers to buy Swans, it could face a redundancy bill, likely to be about £1.5m, if the gap in workload forces the 490 redundancies prior to its takeover of the yard.

"We are facing the possibility of having to pay for these

redundancy costs, then re-employ these people," said Mr Fred Henderson, leader of the CMN team, yesterday.

This consideration is likely to influence the price CMN offers for Swan Hunter. "It's something we have to take into account in our bid," he said.

The liability is enshrined in the Transfer of Undertakings legislation set out in the 1978 Employment Protection Act, and subsequent amendments. A purchaser would also have to make redundancy payments in line with Swans' own scheme. The 1,450 employees already made redundant received the state minimum.

The receivers said yesterday the cost of paying the 490 for two months while waiting for the refit decision would be at least £1.25m. They said they were studying job sharing, layoffs and the possibility of finding other work to avert the redundancies.

Following confusion on Thursday over whether the 490 job losses were definite, the receivers and unions yesterday discussed the issue. "There's no longer the confusion," said Price Waterhouse afterwards.

The receivers have asked the Ministry of Defence to bring forward a decision on the Sir Bedivere refit.

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Poverty 'hits 20% of rural families'

By Alison Maitland

An influx of wealthy people has cast a "cloak of prosperity" over the English countryside which hides the poverty, inequality and isolation faced by at least a fifth of rural households, says a study to be published next week.

The report by the Rural Development Commission, a government agency, also finds evidence of a significant "black economy" in rural areas.

At least 20 per cent of households were living on or below the poverty line in nine of the 12 counties surveyed, the report says. Even in well-heeled West Sussex, Warwickshire and Northamptonshire, between 20 per cent and 30 per cent of wage-earners in households had gross salaries below £8,000.

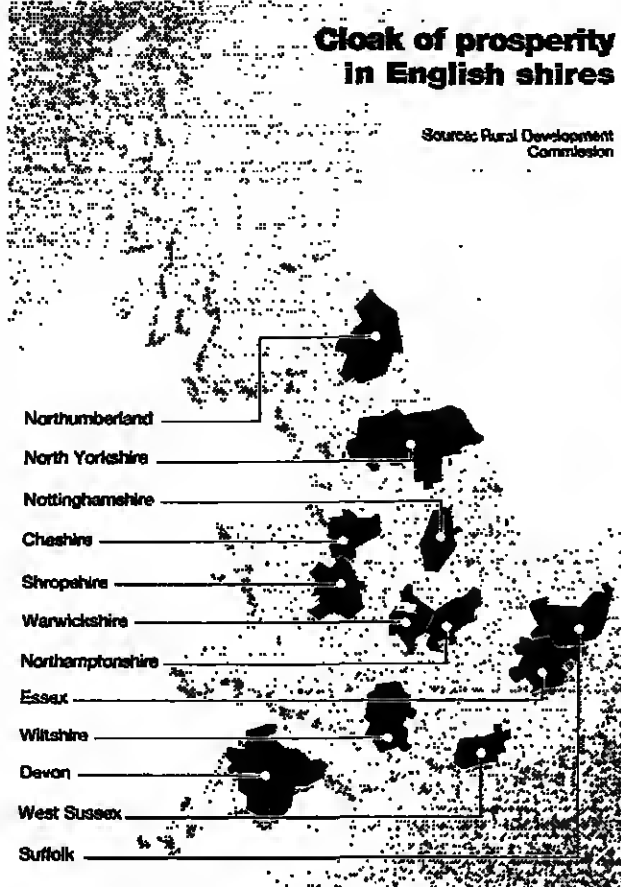
"The juxtaposition of wealth and poverty merely heightens the relative impact of low-income lifestyles in these areas," says the report by Bristol University researchers. During the 1980s, many well-off, mobile people moved into villages to retire or commute to jobs in towns and cities, creating an image of affluence, it says.

"The increasingly common assumption of countryside people as two-car owning meritocrats can only serve to hide the plight of the non-mobile minority in gaining access to basic and necessary lifestyle opportunities."

The report was funded jointly by the Rural Development Commission, the Department of the Environment and the Economic and Social Research Council, a government agency. It was based on questionnaires from more than 3,000 households in 12 study areas across England in 1990.

It argues for more government action to create jobs, fill the "vacuum of affordable property for rent" and improve public transport and other services.

Migration to the countryside is not confined to the better-off, the study says. "The incidence of low-income households appeared to be being



reproduced in most areas through the 'in-migration' of a significant number of lower-income households. This runs counter to suggestions that rural deprivation will disappear as disadvantaged groups "move out or die off", it says.

More than 60 per cent of respondents in most counties surveyed - 90 per cent in North Yorkshire - believed local people, especially young married couples, faced difficulty gaining access to accommodation.

Between 54 per cent and 74 per cent considered that there were "significant employment disadvantages". But there was also evidence of a vigorous black economy in many areas. "Second jobs (done by) 'foreigners' or 'moonlighting' - or casual work done by those who would otherwise be unem-

played - appeared to be significant if hidden aspects of economic life."

More than 90 per cent of people in six counties believed public transport had declined while 16 per cent of households had no car and 23 per cent of women had no access to a car.

For many country-dwellers, there is the compensation of a close-knit community, proximity to nature, and being happy and healthy, says the report.

"However, our surveys also emphasised that the experiences of these characteristics can be highly differentiated. One person's splendid isolation was another's loneliness; the close-knit community for many can be prying, gossiping intrusion for others."

Lifestyles in Rural England. Rural Development Commission, 141 Castle Street, Salisbury, Wiltshire, SP1 1TP. £25.

Nissan to expand dealer network

By Kevin Done, Motor Industry Correspondent

Nissan, the Japanese car-maker, plans to expand its UK dealer network from 294 to 330 by the end of the year.

Mr Andy Green, sales director of Nissan Motor (GB), said the company aimed to increase its sales of new cars and light commercial vehicles this year by 18 per cent to 110,000 from 93,650 in 1993.

It is forecasting growth of about 7 per cent in the overall market for new cars to 1.9m from 1.76m last year. With an expanded dealer network it is seeking to raise its share of the UK new car market to 5.5 per cent from 5 per cent last year.

Nissan is seeking to rebuild its share of the UK market following the setbacks it suffered during its legal battle with Nissan UK, its former independent importer/distributor. It took direct control of its UK sales and marketing operations in 1992.

Nissan also plans to change its vehicle distribution system with the creation of a central vehicle storage centre in Sunderland.

Sunderland Football Club's plans for a £75m super stadium and entertainment centre on land beside Nissan's £900m car plant have been called in for a decision by the Mr John Gummer, environment secretary.

A public inquiry into the club's proposals, which have been strongly opposed by Nissan, is now virtually certain.

Earlier this month Sunderland City Council's environment committee decided not to refuse outline planning permission.

But the environment department said yesterday Mr Gummer believed he should decide on the application because of its conflict with the council's approved development plan and its likely implications for the green belt, highway safety and neighbouring land uses.

Nissan fears the development will block future expansion and jeopardise production methods.

Major sees Malaysia hope

By Kevin Brown, Political Correspondent

The successful Malaysian search for five British soldiers missing in Borneo prompted renewed hopes yesterday of a thaw in Britain's frosty relations with Kuala Lumpur.

After weeks of sharp exchanges over Malaysia's Pergau dam project, the search provided a rare opportunity for non-controversial contacts between the two governments.

Mr John Major used the opportunity to write to Dr Mahathir Mohamed, the Malaysian prime minister, expressing "warm personal thanks".

Mr Major's aides refused to release the text of the letter, which was said to be a personal communication between the two prime ministers. However, officials said it was intended to leave Dr Mahathir in no doubt that Britain was highly impressed by the "tremendous" performance of the Malaysian armed forces.

The five missing soldiers were located on isolated Mount Kinabalu in the Malaysian province of Sabah after a two-week search. Malaysia used helicopters, troops, park rangers and local residents in the search for the men, who had been on a climbing expedition.

Senior officials said Mr Major's letter of thanks did not refer directly to the controversy over British press reports of the controversial Pergau dam project.

Malaysia decided four weeks ago to withhold future government contracts from UK companies because of press reports of alleged bribes offered to Malaysian politicians.

The Commons foreign affairs committee, which is investigating the project, has also heard allegations of a link between £25m in loans to Malaysia and a \$1bn arms contract.

Dr Mahathir insisted in a letter to the Financial Times last

week that there would be no change of policy. "The die is cast," he wrote.

However, the impression that Downing Street remains hopeful of a diplomatic thaw was increased by the disclosure that Britain has not pursued suggestions that the European Union is prepared to retaliate against Malaysia.

The EU, which has sole competence in trade matters under the Treaty of Rome, is understood to be willing to consider reciprocal action if Malaysia refuses to back down.

Downing Street said the dispute had not been discussed with the EU.

Dublin fishes for peace catch

Viewed from London or Belfast, the Dublin government's recent efforts to bring Sinn Féin, the political wing of the IRA, to the Northern Ireland negotiating table have on occasion appeared contradictory, confusing and - to unionist eyes at least - full of menace and duplicity.

At one moment Irish ministers stood shoulder-to-shoulder with their British counterparts, insisting that there will be no concessions to Sinn Féin without a permanent IRA ceasefire. But Irish ministers then appeared to change tack.

Having signed the Downing Street declaration in December, the Irish republic lifted its broadcasting ban on Sinn Féin in January, then made various direct and indirect communications to Sinn Féin to spell out its interpretation of the joint declaration.

Dublin has insisted that no deadlines will be put on Sinn Féin's acceptance or rejection of the declaration. Last weekend, Mr Dick Spring, the Irish foreign minister, said a temporary ceasefire by the IRA would be "welcome".

So is Dublin undermining the joint declaration? Or is it that the Irish government's recent manoeuvres are simply a translation into politics of two of the country's favourite pastimes - horse-racing and fly-fishing? Mr Albert Reynolds, the prime minister, is a keen racegoer and has a reputation as a man prepared to take a gamble in politics.

With the joint declaration he has in effect studied the form, checked the going, and placed his bet that Sinn Féin and the IRA will eventually renounce violence and enter the negotiating process.

Meanwhile, with the skills and patience of a fly-fisherman, he has repeatedly cast his vision of Ireland's future past the suspicious eyes of the North's republicans. He changes the "fly" to suit the latest shifts in wind or weather, but always with the same intention - to catch the biggest fish in the history of the Irish state, an end to the IRA's military campaign and the price of peace in Northern Ireland.

As one prominent Northern Ireland politician said recently: "Sinn Féin is like a salmon on a hook. It darts this way and that and puts up a tremendous struggle to escape. But if you play it in gently, you will eventually land it."

Dublin has made no secret of its view that any efforts to renew political talks in Northern Ireland are likely to founder without an end to the IRA military campaign. It has therefore spared no effort to explain to Sinn Féin's leaders both Dublin's and London's understanding of the joint declaration, and of the steps that will follow an end to violence.

According to government officials, those contacts continue through intermediaries. One said: "The Taoiseach [prime minister] speaks to someone who then speaks to someone". Senior Irish government officials say in private that Mr Reynolds believes the British government could take similar steps to bring about an IRA ceasefire without entering into negotiations or making concessions.

Dublin's latest cast is to emphasise that Sinn Féin does not have to accept the Downing Street declaration as such, but that a permanent end to the IRA military campaign would be sufficient to admit Sinn Féin to what is seen as



Irish president Mary Robinson visited Ulster yesterday despite unionist opposition and said: "It is important to establish links" Photograph: Associated Press

The tactics of Irish ministers may be a reminder of the nation's favourite pastimes, but they have caused confusion elsewhere, Tim Coone reports

rejected out of hand by the Democratic Unionist Party. In Northern Ireland it has been welcomed only by the nationalist Social Democratic and Labour party and the moderate Alliance party.

In a recent interview with a Belfast newspaper Mr Reynolds said: "Let [the declaration] be a vehicle for a cessation of violence. If some people in the republican movement have problems with some of the words in it that's fine. That should not be a reason for staying away."

Mr Reynolds and Mr Spring have since insisted that a temporary ceasefire will not be sufficient to admit Sinn Féin to the talks process, especially as the IRA does not seem to be considering one.

That particular "fly" has been put away for the moment, it seems, but it should not come as a surprise if Dublin casts a few new ones across Northern Ireland's troubled waters in the weeks ahead, as it waits patiently for Sinn Féin to bite.

Smith urges Europe-wide rate cut to boost demand

By David Owen

Mr John Smith yesterday called for an immediate co-ordinated cut in European interest rates to stimulate demand as tax rises begin to bite.

The Labour leader used a speech to the Federation of Small Businesses in Edinburgh to portray Labour as the natural ally of the small-business sector.

It was a priority for Labour to ensure that the proportion of small businesses which made the transition into medium-sized enterprises was increased from just one in 50 at present, he said. The latest retail sales figures indicated that a cut in interest rates was needed, he added. They showed that consumer demand had fallen even before the new batch of tax increases took effect.

In a speech which focused on the problems encountered by small businesses in raising finance, Mr Smith called for legislation to "make sure that those who use late payment [of

debts] as a matter of normal practice pay the costs of that credit."

He said companies should be required to publish statements on payment practice and payment records in their annual accounts. A 30-day period for payment of debt should be a standard in both the public and the private sectors.

Commenting last night on the Labour leader's remarks, Lord Strathclyde, minister for small businesses, said the government was taking the idea of legislating on late payment "fairly seriously", but there was "no point in doing it unless it will make a difference".

He said the Federation of Small Businesses had told the government it did not regard legislation as the top priority. Welcoming recent moves to reduce the sector's dependence on overdraft finance, Mr Smith nevertheless described the number of companies which took advantage of the government's loan guarantee scheme for small firms as "derisory". The scheme - whose costs

were reduced and scope broadened in the Budget a year ago - would have to be changed and improved if it was to have any real impact on access to finance, he said.

Lord Strathclyde said the Budget changes had been "a great success", with applications rising and defaults falling.

Mr Smith gave a nod in the direction of the subsidised small business loan fund that small firm lobbyists have long called for, saying Labour might set up a private-sector managed investment fund to channel investment from elsewhere in the private sector.

He said there was no reason why mutual guarantee schemes of the type used to raise capital by companies in some European countries could not be made to work in Britain. "The Labour leader also stole some of the government's clothes, calling for a crack down on unnecessary red tape and a network of "one-stop shops" for business registration to help cut down on form-filling.

£40m grant for London housing

By Kevin Brown, Political Correspondent

The government yesterday announced the allocation of £40m from its Estate Action programme to refurbish four council housing estates in London.

Mr Tony Blair, junior housing minister, told the Commons during a debate on inner cities that the funds would refurbish 3,500 houses and build 500 new ones.

The estates are at White City in the borough of Hammersmith and Fulham, Northumberland Park in Haringey, Harvist in Islington and Phipps Bridge in Merton.

Mr Blair also told MPs the vitality of urban life would be restored by revised planning guidelines sent to councils this week by Mr John Gummer, environment secretary, which come close to banning retail developments on greenfield sites.

Labour said the government had no strategy to deal with urban decay, which had spread across the country since 1979.

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More fear than greed

It is part of the perversity of stock markets that they frequently fall on good news and rise on bad. But where political shocks are concerned, behaviour is more predictable. The murder of Mexican presidential candidate Mr Luis Donaldo Colosio on Thursday deflated global markets that were already nervous after the US Federal Reserve had signalled further quarter-point rise in short-term interest rates on Tuesday. It has been a dismal week for bond and equity investors, who have been swept along by a strongly bearish tide since early February.

There is a growing political factor at work in markets. Putative plots in Moscow and the threat of civil war in the Crimea are a nagging worry for bond markets in Europe. In Japan, the unpredictable behaviour of North Korea over a nuclear capability that may or may not be real has played a similar role in unnerving yen bonds. Whitewater continues to undermine the political authority of the Clinton administration, while giving rise to fears that the president will try to extract himself from political trouble by pursuing a more populist, and thus destructive, trade policy.

A more predictable influence is the electoral timetable, notably in Europe. Apart from the Italian elections this weekend, there is a federal election in Germany in October, while France has a presidential election in 1995. Here the impact on markets is more subtly corrosive, because of the longer-run political pressures on fiscal policy. Since the Aznar government's savage attack on the overseas budget deficit last year, the government under Mr Clampt has been blown off fiscal course.

Whatever coalition ultimately emerges from the present electoral process in Italy, it would be ill advised to pursue anything other than an orthodox budgetary path, given that public sector debt will exceed 120 per cent of GDP by mid-decade. Yet media magnate Mr Silvio Berlusconi has been wooing voters with promises of tax cuts.

Substantial subsidy
Perhaps more surprising has been the French government's backsliding on the fiscal virtue so painfully acquired in the 1980s. This week's huge injection of capital into the state-owned loss-making bank, Crédit Lyonnais, comes close on the heels of the substantial subsidy for Air France. Mr Edouard Balladur, a potential presidential candidate whose poll rating is sinking, appears ready to incur heavy economic costs in an attempt to restrain the rise in the political temperature.

This is worrying for those who hope that the European markets will ultimately uncouple from the US, leaving room for a recovery in European bond prices. Apparently interest may be lower than they look if people are over-sanguine about the durability of disinflation. Also worrying is the fact that the general trend in short-term interest rates outside the US is either static or falling too slowly to offer much of a gravitational pull for bond yields. In the UK, where recovery is well established, a less benign than expected set of inflation figures this week has made it harder for the chancellor to push for a rate cut. In Germany and France, the beginnings of recovery are clearly perceptible, implying that the scope for further cuts is limited.

Even in Japan, which has lagged the rest of the world on its way to the nptm, the central bank governor Mr Yasushi Mieno has been suggesting that the recession is past its trough. That, too, carries a hint that further monetary easing is not on.

Subdued recovery
Paradoxically, the good news for markets may be precisely that recovery outside the US looks like being subdued. Labour market weakness in parts of continental Europe and Japan is a dampening influence on demand. Another dampener is the recent rise in bond yields, since long-term interest rates in continental Europe have a greater influence on real activity than in the English-speaking economies where short rates are more important. That suggests that neither inflationary pressure, nor the pressure of demand on the global pool of capital, will prove unmanageable and that the panic in bonds is overdone.

The trouble with forecasting an end to a correction of this kind is that markets overshoot. As Professor Gordon Pepper points out in his new book, *Money, Credit and Asset Prices*, there are times when a degree in crowd psychology might provide greater understanding of financial market behaviour than a degree in economics. Expectations of a change in financial forces can, he argues, cause a bunching of speculative transactions, leading to volatile and disorderly markets.

At present, neurosis prevails and the central bankers lack the appropriate bedside manner. Just as the Fed's earlier policy of small and repeated rate cuts encouraged investors constantly to hope for more, gradual increases are now causing fear to become self-feeding. The correction may have gone too far. Yet it requires boldness to act on the assumption that it will not go even further next week.

GreenSPAN's economic advice, which many regard as the best available in Washington. The Fed chief, a Reagan appointee in a city run by Democrats, has also deliberately courted the Clintons. He sat next to Hillary Rodham Clinton during the presentation of the White House economic plan to Congress last year and subsequently pronounced the deficit-cutting measures "credible".

Since the plan included the biggest tax increase on the wealthy in decades, conservatives were infuriated. It seemed a strange lapse for a former disciple of Ayn Rand, the ultra-libertarian author. But it stood Mr Greenspan, a canny political operator, in good stead. So far, Mr Clinton has refused to support congressional calls for legislation to reduce the Fed's independence. And he has offered only lukewarm support for a Treasury plan to strip the Fed of its powers as a bank regulator. Even on interest rates, Mr Clinton is showing more restraint than George Bush, so far expressing only mild misgivings in public about Fed policy.

Mr Greenspan has thus played his cards shrewdly. Administration officials doubtless also appreciate the fact that the Fed chief, the most powerful figure in international finance, is so willing to keep out of the public eye. A fixture on the Washington media and political cocktail circuit (his girlfriend Ms Andrea Mitchell is a reporter for NBC television), he often meets privately with journalists. But he refuses to give on-the-record interviews and unlike other top economic officials he never appears on TV shows. The public knows him mainly through his dry, rather technical testimony before congressional committees. The image he cultivates is of a courteous, knowledgeable and pragmatic civil servant.

Occasionally, however, Mr Greenspan lets slip his private views and these suggest a more radical temperament. For example, he advocates the abolition of capital gains tax - not a view shared by many moderate Republicans. And he recently shocked Democrats by admitting he was a bit of a gold bug. He claimed that the gold price was a good indicator of inflation pressures and even expressed nostalgia for the financial rigour induced by the 19th century Gold Standard.

His views on the role of central banks are sometimes misunderstood. When Mr Gordon Brown, the UK shadow chancellor, passed through Washington recently, he naturally called on Mr Greenspan. Mr Brown's aides came out of the meeting deeply impressed - Mr Greenspan apparently said the task of a central bank was to promote economic growth as well as to control inflation, thus distancing himself from the sterner rhetoric of his European colleagues.

Sensitive to his audience, Mr Greenspan probably failed to add that his recipe for stimulating growth is to push for zero inflation or "price stability" - not a policy that the British Labour party is likely to endorse. Mr Greenspan defines price stability as inflation so low that it can be ignored because it no longer interferes with the micro-economic role of relative prices in guiding resource allocation. He does not think the US has yet reached this goal even though many economists believe the true rate of inflation is lower than the 2.5 per cent to 3 per cent shown by the consumer price index.

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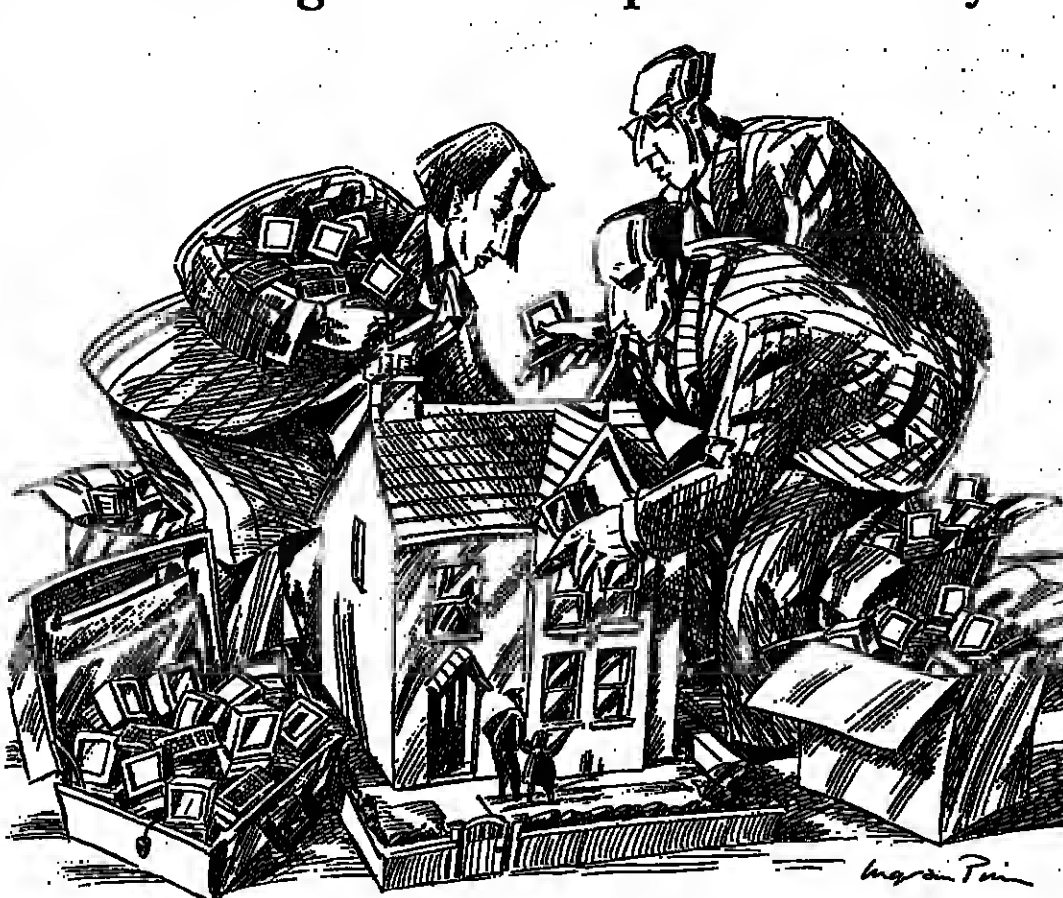
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Giants jostle for a place to grow

Alan Cane on trends shaping strategic thinking in the computer industry



Within days of Mr Gates' comments, Mr Lou Gerstner, chairman of International Business Machines, set out IBM's plans to fight horrendous losses and re-establish a role. (see below).

The impression created is of computer industry giants jostling for position in an increasingly competitive business. The problem each faces is that it is unclear what strategy will prove most effective in the face of three broad trends.

First, industry leaders expect hardware and software manufacturing to be concentrated increasingly in the hands of a few large players.

Mr Benjamin Rosen, chairman of Compaq Computer, which makes personal computers, sees conventional mainframes and minicomputers being replaced by networks of personal computers and powerful network "servers" based on increasingly sophisticated PC technology.

IBM, Apple and Compaq represent today's premier divisions; others will be hard put to displace them.

In the software market, Novell has this week reinforced its position among a handful of large companies - Microsoft, Computer Associates, Oracle and Lotus Development Corporation - intent on carving up the cake between them. At the same time, consolidation is creating specialist powerhouses; the leaders in desktop publishing Aldus Corporation and Adobe Systems have agreed to merge, as have Electronic Arts and Broderbund Software, experts in educational software.

There will be room, however, for small software houses, because as

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Mr Rosen, a founding director of Lotus, the developer of the best-selling spreadsheet 1-2-3, says: "Tailor-made software designers do not like working for big companies."

Second, the spread of common standards and sophisticated software has allowed the development of programs which integrate with other manufacturers' systems. Here Novell is in a strong position, dominating the market in networking software. It also owns the rights to Unix, networking software originally developed for minicomputers which many believe ideal for today's more powerful PCs to run company-wide networks.

Microsoft has until recently had only a token presence in networking software. A new operating system it has developed called Windows NT, may redress the balance.

Third, and possibly the most significant development, has been the emergence of small and medium-sized companies and individuals as prime consumers of personal computers and their software.

For the past 40 years the computer industry has supplied the data processing business - the administrative systems of big companies. Now as hardware and software prices fall rapidly, individuals and small organisations are buying personal computers faster than big businesses.

This provides a powerful logic to Microsoft's recent acquisitions and alliances. It is developing multimedia products with Telecommunications, the US cable operator; it bought Soft Image, creators of computer-generated scenes to the film Jurassic Park; this week it invested \$30m in an advanced wireless data network being built by Mobile Telecommunications Technologies.

These acquisitions signify a determined move to provide and control the software that will manage information flows - business data, education, news and entertainment - into the home and office. Microsoft's software would become ubiquitous: controlling radio communications, cable and satellite links as well as telecommunications lines and computer disks.

Mr Gates says there is usually an eight-year gap between him spotting an opportunity and the profits flowing. "For some reason, I think this will happen faster than that."

Novell's strategy is different. It is taking Microsoft on in the traditional business of data processing. The rewards seem likely to be reasonable but the possibilities are limited. If Mr Gates is right about the future of the industry, Novell will have invested in the wrong market.

ist and industry focused groups. "We have to make size pay for IBM, rather than size being a detriment," said Mr Gerstner. "This is a major challenge. If we are ever going to succeed we have to change IBM's culture."

IBM hopes that the new phase the industry is entering will weaken the hand of specialist suppliers. "Customers have become very sceptical of the constant flood of new information technology," said Mr Gerstner. "A customer said to me: 'maybe you guys should slow down the pace of technology innovation'."

No longer able to set the pace of innovation, IBM is questioning the value of its competitors' technology. "How powerful a computer do you really need on your desk," asked Mr Gerstner, raising a question that his predecessors at IBM would never have voiced.

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MAN IN THE NEWS: Alan Greenspan

Canny operator draws world's eye

Michael Prowse says the political skills of the US Federal Reserve chairman are being tested



catates the abolition of capital gains tax - not a view shared by many moderate Republicans. And he recently shocked Democrats by admitting he was a bit of a gold bug. He claimed that the gold price was a good indicator of inflation pressures and even expressed nostalgia for the financial rigour induced by the 19th century Gold Standard.

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صكنا من الاصل

Pyeongongyang has "a distinct and native life of its own and is known [in Korea] as one of the wildest cities of ancient and modern times", wrote US diplomat William Franklin Sands a century ago.

That description could apply today. The city retains its "wild" image as the capital of North Korea, which appears to be heading for an international showdown over its suspected nuclear weapons programme. Next week the UN will consider imposing economic sanctions, if North Korea does not open up its nuclear facilities to inspection, while the US agreed this week to the deployment of Patriot missiles in South Korea.

The "distinct and native life" to North Korea consists of a political culture that has transformed its "Great Leader", Mr Kim Il-sung, into a demi-god and has cowed a frightened population.

Life there is difficult and is becoming more so. The collapse of the Soviet bloc cut off previous supplies of food and energy, while the high level of defence spending has restricted investment in industrial and infrastructure development.

Conditions are particularly tough in the countryside, where food shortages are reportedly widespread. Growing food has never been easy in mountainous North Korea. In the 1980s, it was able to feed its population of 21m through intensive agricultural measures, which depended on heavy use of

FT writers ask if the state's grip on people in North Korea is weakening

Rationed and restless

chemical fertilisers. But since then, energy shortages have reduced fertiliser production.

Falling oil imports and dwindling supplies of domestic brown coal, have forced factories to operate at about a third of capacity. Electricity power blackouts are becoming common. The government has encouraged people to use bicycles - some sent by charities in Japan - instead of trolley buses, to save fuel. Electrical appliances have to be registered with local authorities, which stipulate the times they can be used.

The picture is not uniform, however. In Pyongyang, supplies of food and goods are more plentiful. The city's 2m residents are members of the country's elite, and are frequently vetted for their political loyalty. Those who do not make the grade must leave.

There is a big gap between life in Pyongyang and life in the rural areas. Pyongyang is a shop window for the rest of the world," said Mr Masao Okonogi, a professor of law at Tokyo's Keio University, who has visited North Korea.

In the country as a whole, the state has needed a "carrot and

stick" policy to retain public loyalty.

The carrot comprises a comprehensive welfare system that includes free housing, medical aid and education. The stick consists of intrusive political controls, including the rationing of food and clothing, and mandatory indoctrination in classes on the country's *juche*, or self-reliance ideology.

There is also an extensive network of informers. "There is an atmosphere of fear in North Korea, because everyone knows someone who has been packed off to a labour camp for a political crime," said Mr Michael Breen of Merit Consulting, an investment consultancy in Seoul, who has travelled in North Korea.

But there are signs that the government's controls are disintegrating as the economic situation worsens. "Corruption has become widespread among bureaucrats since the mid-1980s and people resort to bribes to avoid punishment," said Mr Bradley Martin, a Fulbright scholar who is writing a book on North Korea. "The society is not as regimented as we once thought."

Mr Toshio Miyazuka, a North

Korean specialist at Japan's Yamaguchi Gakuin University, said the government had not been able to prevent the spread of criminal gangs. Thefts and rapes are rising.

Black markets in food and other goods have emerged. The lack of food has forced factories, which are responsible for feeding their workers, to rely on them to supplement rations. "A factory official travels the country to find new supplies. These officials could eventually become the country's first generation of businessmen, since they have acquired an expertise to trading," said Mr Martin.

The black markets have also helped to pierce the information vacuum imposed by the government. "People know what's going on to the outside world by listening to radios bought on black markets run by Korean Chinese," who smuggle them in, said Mr Miyazuka.

In spite of such knowledge, older people who grew up during the Korean war in the 1950s appear relatively committed to the government. They recall the sacrifices they made to reconstruct the economy after the war.

"North Koreans now realise that South Korea is richer, but they possess a moral rectitude because they believe that the South has sold its soul to the US," explained Mr Anthony Mitchell, president of Euro-Asian Business Consultancy in Seoul and a frequent visitor to North Korea.

The younger generation, however, tended to complain more about the lack of consumer goods and bureaucratic restrictions, said Mr Mitchell.

Few dare criticise Kim Il-sung, who appears to have the genuine respect of the public for his armed resistance to Japanese colonial rule in the 1930s and 1940s - a period emphasised in school textbooks. "Even North Korean defectors I've interviewed have expressed admiration for Kim," said Mr Martin.

Instead, domestic opposition appears directed at his son and heir apparent, Mr Kim Jong-il, the "Dear Leader" and the head of the armed forces. He is blamed for most of the country's problems, because he came to prominence just as the economy was starting to deteriorate in the mid-1980s. There is also resentment within the North Korean government that the Kim family has reserved most of the top administrative



Distinctive life: North Koreans surround a poster of their Great Leader

positions for their relatives.

"The situation is getting desperate in North Korea and it is highly plausible that there is growing discontent against the Kim dynasty at both the grassroots and top levels of government," said Mr Adrian Foster.

Carter, director of Korean studies at the University of Leeds.

Given that the foundations of North Korea's system appear so shaky, the US may prefer to wait and see whether the government survives, rather than invite a confrontation that could lead to war.

Report by John Burton, Michio Nakamoto and Emiko Terazono

Of course, I am angry," says Martin, a student at Toulouse university. "This is the first time I have been on demonstrations. I am going to go on protesting until the government listens."

Yesterday it was Martin's Parisian colleagues' turn to show their anger at the Balladur government's new law which allows young apprentices to be paid less than the national minimum wage. The march, by more than 30,000 young people in the capital, passed off without serious incidents, because of - or despite - the presence of 2,500 police in riot gear and another 800 in plain clothes.

But in contrast to the largely Paris-based student uprising in May 1968 - a possible parallel in everyone's mind - the protest marches over the past four weeks against the youth wages law have been nationwide, touching small towns as well as provincial cities such as Lyons and Nantes, where violent clashes have continued all week.

When clashes erupted on March 17, for instance, the eyes of the French's Paris-centric media were on the 30,000 students and assorted union members who demonstrated in the capital; not surprisingly, because some shop windows were smashed, cars burnt and youths arrested. But the final tally for the day showed that no fewer than 200,000 protesters had turned out in the provinces. This week, in the south-western town of St Gaudens, about 100 secondary school pupils skipped class to demonstrate behind a banner reading "Oppression of Schools = Explosion".

French students and their government may be listening to one another, but each is certainly not understanding what the other is saying. For his part, Prime Minister Edouard Balladur seems baffled by what is going on. He insists that his wage reform is "for the young, not against them". He says it is aimed at making the 25 per cent without jobs more employable.

It is true that he has somewhat watered down the February 24 decree. This humped all youth - those with and without higher education diplomas - together as eligible for "contrats d'insertion professionnelle" (CIP), under which they would be paid 80 per cent of the minimum wage, known by the acronym Smic, in return for training provided by employers. On March 3, Mr Balladur agreed that diploma-holders should get at least the Smic or 80 per cent of any wage pact agreed within an industry sector. But three weeks later, students still do not believe his repeated assurances that he is not trying to "devalue" their diplomas. "I believe in your good faith," he said in an open letter in the nation's youth in the Liberation newspaper last week. "Please believe in mine." They don't.

So, Mr Balladur is now doing what he has rarely done over his first prime ministerial year - standing firm. One reason is precisely that he knows he must correct his reputation for caving in to pressure, particularly when, as so often in France, the challenge comes from the streets. But a further motivation is his belief that French youth can

Work, protest and affray

David Buchan and John Ridding examine the causes of French youth unrest



Arm of the law: a protester is subdued by riot police at yesterday's demonstration

not reasonably ask him to make any further concessions.

Unless the students' protests soon peter out with the advent of the Easter holidays and spring sunshine, the ingredients are in place for a crisis that could knock foreign confidence in the French economy and currency. Mr Balladur himself seems almost fatalistic about this prospect, if his recent comments about his political mentor, Georges Pompidou, are a guide. Mr Balladur said he learnt from Mr Pompidou, for whom he worked in 1963, that "sometimes it is necessary to let things go to boiling point (paroxysme) before they can get back to normal".

But Mr Balladur's ministers and those in his private office in the Matignon have claimed publicly that they detect "political manipulation" behind the student protests. This may merely be paranoia. But the Socialist and Communist opposition parties, as well as the unions, have made clear that they want the repeal of the CIP. This has disappointed any hopes Mr Balladur may have had that his public show of consulting the unions over the past year would pay dividends in his hour of need.

More irritating for the Matignon is the public silence on the part of the Patronat employers' federation, whose only private comment has been to say that few of its members will actually use the CIP. Even the few individual employers, such as Mr Claude Bébéar of the AXA insurance group, who back the broad principles behind the CIP measure, also deplore its clumsy presentation.

This theme of government clumsiness has been taken up, to still more damaging effect, by virtually all the party and parliamentary leaders of the ruling conservative majority who do not actually hold ministerial office. They include Mr Valéry Giscard d'Estaing, leader of the centre-right UDF, and - ever with an eye on his forthcoming battle with Mr Balladur for the presidential nomination - Mr Jacques Chirac, leader of the RPR gaullists.

Yet, the more convincing explanation for the crisis lies not in conspiracy, but in a variant of Mr Balladur's favourite theme that France is a "société bloquée". The most obvious blockage is the inability of so many young to advance from school or university into gainful employment.

The students and government are listening to, but don't understand, each other

Most economists agreed with Mr Balladur's diagnosis that the Smic has helped price lesser-skilled, and inevitably younger, workers out of the job market. But where he is widely judged to have gone wrong is to discourage students from advancing themselves through higher education. "Why should young people be paid less to do the same job as others with the same qualifications?" asks Mr Cyril Wome at Paul Sabatier university in Toulouse.

Such sentiments are widespread. "People of our generation are finding it harder than ever to find a job, whatever their level of qualification," says a student at the Sorbonne. "There is a growing feeling that the future is bleak."

Paradoxically, the main organisers of the student protest come from a section that has felt its future was not so bleak, at least not until Mr Balladur stepped in.

This segment comes from the *instituts universitaires de technologie* (IUTs), set up in the 1960s inside universities, and the *sections de techniciens supérieurs* (STSs), set up to prepare secondary school students for technical baccalauréats. These practical institutions, as their names suggest, have had far more success in placing their diploma-holders in the job market than older universities like the Sorbonne, with more generalist courses.

It is this technical "aristocracy" that is most angry at Mr Balladur's attempt to level youth wages downwards. It was the IUT in Paris' wealthy 16th arrondissement that organised the first February demo against the CIP, but the rapid recent spread of IUTs and STSs around the country accounts for the widespread nature of the student revolt.

Perhaps the most general blockage lies in France's political institutions, which tend to thwart the sort of open debate that might have settled the youth wage row in parliament and not in the street. Because France has a weak parliament - and inside it a left-wing opposition that is numerically small - the real debate about the CIP took place, not when the enabling law passed the National Assembly last October, but months later with the publication of the implementing decree. Moreover, what real opposition Mr Balladur faces is to be found within his own massive conservative majority. But in order to maintain the pretence of conservatism, they have settled for the kind that might have thrashed out problems with the CIP - is often hushed up.

To compensate for this lack of political debate, Mr Balladur has reached back to the habit of consulting, at least formally, with the trades unions - a tactic he learnt under Pompidou. But time has moved on. Union presidents are no longer the power, except in the state sector, that they were 25 years ago. Today, more than before, they are lobbyists. Among the latter stand has built up. And when that happens in a *société bloquée*, there is always the danger of explosion.

Southborough School in south London is swimming against the tide. Its 14-year-old pupils are offered vocational courses on top of their academic curriculum. But in the three years since it introduced this radical measure, the school has found it awkward to fit vocational training into the strict academic requirements of the national curriculum.

The school is determined to persist. As one teacher remarked, "it is improving standards because it means a more relevant and coherent curriculum for youngsters."

For the moment, Southborough's scheme is very much the exception to the rule. But this may be about to change. Government curriculum advisers plan challenging new vocational courses for 14-year-olds. They aim to create a new system of vocational qualifications that pupils and employers would find as attractive as the academic path towards A-levels needed for entry into higher education.

Few dispute that Britain's vocational education system needs an overhaul. UK universities are internationally renowned for the quality of education they give the top 30 per cent of academic achievers. But vocational education has long been the poor relation.

The absence of high-quality vocational education is reflected in Britain's shortage of qualified skilled workers, according to Professor Sir Praks of the National Institute of Economic and Social Research. Only 36 per cent of the British workforce has a vocational qualification, against Germany's 74 per cent.

Professor Praks believes the lack of skilled technicians has harmed UK industry. Work practices are inefficient, and qualified graduates are sometimes "wasted" doing jobs better left to trained technicians.

The latest attempt to fill the vocational gap in the UK comes from Sir Ron Dearing, who chairs the School Curriculum and Assessment Authority, the quango advising on the content of school education in England and Wales.

Sir Ron believes many teenagers have lost interest in academic study and gain little from their final years of compulsory education. This week, he suggested pupils aged 14 to 16 should be able to devote up to 20 per cent of their time at school to vocational courses. The aim would be to provide "pathways" into vocational education and training after leaving school at 16.

Tools to secure a future

John Authers on plans for vocational training at UK schools



Sir Ron added the vocational courses should initially be in one of five subjects: manufacturing; art and design; health and social care; leisure and tourism; and business and finance. This list might later be extended.

The courses would lead to the as-yet unnamed qualification that would complement, not replace, the General Certificate of Secondary Education now taken at age 16. Candidates could still take as many as seven GCSEs alongside the new qualification in a typical school timetable.

Sir Ron is considering making passes in vocational subjects dependant on passing appropriate GCSE subjects. A pass in manufacturing, for example, might require a pass in GCSE science.

The qualifications awarded for the new courses would count towards the General National Vocational Qualification (GNVQ). This "vocational A-level" is being introduced for 16-year-olds, amid controversy over whether it is rigorous enough to carry the same esteem as A-levels.

Sir Ron plans to consult widely and run pilots for two years. But he already has considerable support among employers and teachers. He

also seems to have the backing of the government which is keen to see an improvement in vocational education post-16.

But the consensus in favour is not total. A leading critic is Professor Eric Bolton of London university's Institute of Education, a former chief inspector of schools. He warns the proposals risk recreating a stratified education system in which able pupils take academic subjects and the rest are fobbed off with vocational courses which would be perceived as inferior.

"Historically, whenever we've made these divisions in the past, they've become hierarchical," he says. The 1944 Education Act promised a tripartite system of grammar schools, technical schools and secondary moderns with each enjoying parity of esteem. But grammar schools were soon perceived as offering a superior education, says Prof Bolton.

Sir Ron responds to the danger that this could happen by declaring his determination to challenge the idea that vocational qualifications are inferior. "I am all too conscious of the common tendency to consider the academic as first-rate and the practical applications of knowledge and understanding as second-rate. It is a tragedy that we have the value structures we do, and I rail against them."

A key to changing these values lies in persuading employers that the new vocational qualification will meet their needs, so that students believe it is worth working for. As Prof Bolton says: "What makes German youngsters so interested in vocational qualifications is that they can't get into employment without them. If British employers made vocational education pay, youngsters would do it."

The portents are good: the Confederation of British Industry backs Sir Ron's proposals, saying they have the potential to transform young people's learning. The CBI wants more employer involvement in the courses, as "children do not learn about manufacturing by sitting for two years in a classroom". And it believes there must be opportunities to "mix and match" vocational training with academic study.

Thus if Sir Ron can introduce a vocational qualification that employers are willing to pay for, the British education system may at last start turning out the skilled workers that continental education systems produce with apparent ease.

Working hours in decline

From Dr John Wells.

Sir, Samuel Brittan wonders (Economic Viewpoint, March 17) what has happened to the total number of hours of work being performed during the output recovery - when the continuing reduction in full-time employment is set against the rise in part-time and self-employment.

The answer can be obtained from the household Labour Force Survey, the results of whose autumn 1993 enquiry have just been published in a volume which also contains for the first time estimates of average actual weekly hours of work by sector of activity, for men and women - a continuation of an established series on hours worked by employment status.

In autumn 1993, a total of 830.1m hours of work were performed weekly - a slight reduction on autumn 1992 (the best period for comparison using these seasonally-adjusted data). In fact, hours worked were down in each quarter of 1993 relative to 1992 - though by an amount that is well within sampling error. Total hours worked are now

some 15 per cent below the spring 1990 peak - one possible measure of the "output gap" (always bearing in mind that unemployment was unacceptably high even at the peak of the previous upswing).

The Labour Force Survey also contains the information that the total of International Labour Organisation unemployed non-claimants, 1,037m, is 59,000 up on a year earlier: 1.0 unemployed 16- and 17-year-olds (mostly ineligible to claim benefit) stands at 146,000 - 7,000 higher than a year earlier, while the number of "discouraged" workers (those who would like to work but have not looked as they believe no jobs are available) stands at 184,000 - 8,000 more than a year ago. ILO unemployment among ethnic minority men stands at 24 per cent. Afro-Caribbeans (33 per cent), Indians (16 per cent) and Pakistani/Bangladeshis (30 per cent).

John Wells, faculty of economics and politics, University of Cambridge, Austin Robinson Building, Sedgwick Avenue, Cambridge

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Roads programme view faulty

From Ms Lilli Matson.

Sir, In "Quarries head for the coast" (March 23), Andrew Taylor succinctly sums up the options put forward in the environment department's consultation paper on minerals extraction (MPGE). However, the conclusion that forecast demands for minerals will have to be met - either from Scottish super-quarries or by increased dredging of marine

aggregates - misses a key issue: whether this is environmentally sustainable. CPER believes it is not and that we should be looking at ways to reduce our demand for aggregates. We have to find ways of meeting our needs and aspirations for goods and services in ways that use less building material. A good place for the government to start would be by cutting its road

building programme. New roads and road maintenance are major consumers of aggregates. A shift in transport policy away from road construction would help to reduce the number of holes threatening to appear in our coastline. Lilli Matson, Council for the Protection of Rural England, 25 Buckingham Palace Road, London SW1W 0PP

Avoidance of VAT on fuel bills is no joke

From Reverend Roy D Bennett.

Sir, The portrayal of the devil in your article "Dodge that VAT" (March 19) was not without deeper significance. Surely there is something evil about a society that allows the wealthier members to escape taxation by means of advanced payment for fuel in this case, yet insists that those poorer members must pay the

tax in full. The call by John Major, the prime minister, to return to basic values has a hollow ring if it does not begin by each of us accepting our responsibility as citizens to pay our taxes. I wonder what would be the response of the Inland Revenue if I offered to pay my mortgage in advance for five years to ensure continuing relief at 25

per cent? One law for the rich and another for the poor is no April fool's joke - despite the date on the cartoon calendar. Roy D Bennett, (Chaplain, University Hospital Nottingham), The Yeats, 225 Edwards Lane, Sherwood, Nottingham NG5 6SQ

Sad story

From Mr Peter Parkinson.

Sir, Buyers of books who hope to bequeath their libraries in useable condition to their children will be saddened by your report (Commodities, March 16) that "buyers are reluctant to pay adequate premiums for the chlorine-free product [paper]". Five per cent extra on the price of a book or periodical would cover the cost of paper destined to last a century or more, and I would be more than willing to pay for it. Too many of my books and periodicals bought 20 to 30 years ago are already beginning to turn brown to disintegrate.

Perhaps there is a case for pressure by governments, such as has worked so well for "green" petrol. Peter Parkinson, 3 Rue de la Croix, 11200 Crusades, Leizman-Corbières, France

Statutory interest is no answer to late payments

From Mr Roger De B. Howell.

Sir, In the November budget the chancellor announced the publication of a paper discussing the merits of statutory interest on the late payment of accounts. Replies are requested by March 31 1994.

Late payment of accounts is a serious handicap to the speed of the recovery. In particular it hits at the viability of small businesses. At first sight the idea might appear to have merits. However, on closer examination legislation would perform a disservice to small enterprises.

The reasoning behind this is as follows. ● All businesses already have the ability to charge for late payment through their terms and conditions. ● Any statutory rate is likely to be at 8 per cent (the rate of interest used by the courts) whereas businesses are free to charge a far higher figure. ● Enforcement of a statutory charge would have to be through the courts which is the present position. ● A statutory rate is likely to

lead to demands from larger customers for extended credit terms.

● SMEs would be caught between pressures for earlier payment by suppliers and later payment from customers. ● Many SMEs are reluctant to press for payment and are unlikely to change their ways. ● Statutory interest might be seen to sanction late payment. ● Statutory interest could provide a further excuse for inadequate credit control. ● Legislation would erode freedom of contract. ● There is already far too much government interference in commerce without inviting further regulation. ● Despite the apparently harsh economic climate few SMEs admit to, or suffer from, slow payment, amazing as this may sound.

It is in the interest of all companies to say no to statutory interest. Roger De B Howell, Debitco plc, Guardian House, 404 High Road, Ilford, Essex IG1 1TW

COMPANY NEWS: UK

Airport contributes £2.2m with further acquisitions being considered

Nat Express rises to £9.3m

By Tim Burt

National Express Group, the coach operator, reported a 36 per cent increase in pre-tax profits for the 1993 year following a maiden contribution from East Midlands Airport, its new subsidiary.

The Leicestershire airport, acquired for £27.1m last July, contributed £2.2m to pre-tax profits of £9.3m (£8.8m). Turnover rose from £120.6m to £138m.

Increased revenue from airline passengers helped to offset falling demand among travellers for long-distance coach services, where turnover fell from £95.1m to £92m in the face of strong comp-

etition from British Rail. Mr Ray McEnhill, chief executive, admitted the figures had been weakened by uncompetitive pricing which led to a 6.6 per cent decline in passenger journeys.

He claimed, however, that ticket sales were now picking up following fare cuts on cross-country routes, service improvements and a management shake-up.

The shake-up was dominated by the departure of Mr Keith Taylor, who resigned as managing director of the coach business last November after only a year in the job.

Mr McEnhill said the problems had largely been solved and the company had commit-

ted £3m to upgrade services, improve coach stations and introduce mechanised ticketing.

Despite the difficulties, the express coach division benefited from contributions by new acquisitions, including Scottish Citylink and Euro-lines, the Dutch coach operator, and improved results from both European Coach Travel and Airport Coach Services.

The group also emphasised its determination to develop its airport business, and Mr McEnhill said it was hoping to buy other regional hubs.

Earnings per share were 16.7p (16.5p). The group is proposing its first final dividend since its December 1992 nota-

tion with a 5p payment, taking the total for the year to 7.5p.

COMMENT

A recent valuation of its East Midlands offshoot, which valued the site at £55.1m, whetted the group's appetite for the airport business. With its balance sheet thus strengthened, the group has looked at five other airports and is expected to end 1994 with another one in its portfolio. With coach services likely to recover following fare reductions and a full year contribution from airport operations, this year's profits should reach £11m. On a forward multiple of 14.5, that makes the shares an attractive long-term prospect.

Newman Tonks sees benefits of changes

By Paul Cheeseright, Midlands Correspondent

Newman Tonks, the architectural hardware group, emerged from a spell of extensive reorganisation with a sharp increase in pre-tax profits for the year to December 31.

Profits were £15.8m, against £4.36m, restated for FRS 3, for the 14 months to December 1992 as the group changed its year-end.

The comparable figure was depressed by provisions of £6.81m for the sale or closure of unwanted subsidiaries. There was an exceptional credit this time of £266,000, being the losses on disposals offset by the release of provisions.

Earnings per share were 7.6p, compared with losses of 0.65p. With the exceptional items stripped out, earnings were 7.38p, against 5.22p.

In line with the intention, announced last September, of bringing dividends more closely into line with earnings, the proposed final is 8.67p, for a total of 8.4p, against 9.3p. The provision for their retirement in lifting gearing to 39 per cent at the year end, against 29 per cent 12 months earlier.

Turnover was £257.8m (£266.5m), including £730,000 (£7.55m) from discontinued activities and £6.55m from acquisitions. Operating profits were £17m (£12.1m), with continuing activities showing a 17 per cent advance.

The rise reflected the revival of demand in the US and the continued strength of the locks and security businesses.

COMMENT

Newman Tonks has been through a bridging year. The main costs of reorganisation were taken in 1992 but recovery of demand in its main markets, the US excepted, is for this year or perhaps 1995. Once that recovery does come, then lower costs and the results of investment, which continues at £8m a year, should have a quick effect on the bottom line. In other words, the group is ready to ride up the cycle to pre-tax profits of, perhaps, about £19m this year. This would give earnings per share of 10.5p which, at yesterday's price of 169p, puts the shares on a prospective multiple of 16 and suggests that, general market conditions permitting, they have a distance yet to run.



Tiny Rowland (left) with Dieter Bock: smaller shareholders revealed anger at the cost of their battle

Dissent at Lonrho's AGM

By Simon Davies

Mr Tiny Rowland and Mr Dieter Bock made great show of their "renewed friendship" at Lonrho's annual meeting yesterday, but smaller shareholders expressed anger at the cost of the joint chief executives' battle for control.

The focus of resentment was a £2.4m payment to four supporters of Mr Rowland, as compensation for their retirement from the board. It is a move which shifts the balance of power in favour of Mr Bock.

The fairly cordial tone of yesterday's meeting took a sharp turn when this compensation was put to the vote. A barrage of criticism was followed by only marginal approval, of 134 votes to 117, in the first round. The subsequent three rounds

of voting seemed to sway further against the proposals, to the visible discomfort of the four directors.

The chairman demanded a poll, which included the proxy votes of institutions, and achieved overwhelming support. The company had already held 260m proxies in favour and only 25m against.

Bitter shareholders questioned the purpose of having a vote, but they did succeed in tarnishing what was meant to be a celebration of "a year of rationalisation and major progress".

Mr Rene Leclézio, the outgoing chairman, also denied the image of unity put forward by the joint chief executives.

In the chairman's speech, prior to the vote, Mr Leclézio called upon colleagues "not to

destroy the unique character of Lonrho by trying to turn it into a faceless company".

This refers to Mr Bock's attempts to introduce a more conventional corporate and management structure in an attempt to regain the support of the City.

Mr Rowland seemed to get the popular vote yesterday - one shareholder suggested that political donations should be used to earn him a "well-deserved" place on the honours list - but Mr Bock can feel satisfied with events.

Despite vocal opposition and large expense, four supporters of Mr Rowland will be removed from the board. This enables Mr Bock to consolidate his position of power in a company that 12 months earlier was considered a one-man concern.

Halstead rises 14% to £4.54m

By David Blackwell

A strong performance from the core flooring business was behind a 14 per cent rise in interim profits at James Halstead, the Manchester-based floor-coverings, weather-proof clothing and trailers group.

Pre-tax figures for the six months to end December were up from £3.97m to £4.54m on turnover of £31m (£27.5m). The interim dividend has been raised from 2.5p to 2.75p.

Mr Stephen Knight, finance director, said flooring sales were slightly up in the UK, where the company has about 60 per cent of the sheet vinyl market.

European sales rose, including German business, while those in Australia and south east Asia also improved. The directors said that the group has opened a Hong Kong office as a bridge for sales into China.

Group capital expenditure of £4.9m for the half-year was concentrated on the flooring division, which accounts for about two-thirds of turnover. In July a £7m production line will be opened in Manchester, giving the group some extra capacity and a great deal more flexibility, said Mr Knight.

Both sales and profits were ahead at Driza-Bone, the Australian stockman's coat company. However, margins at Phoenix, the motorcycle accessories distributor, were under pressure from the absorption of another business and currency factors.

Conway Products, the trailer tents, trailers and security cabins business, reduced the usual first-half loss. The group, which is hoping to develop further sales away from the seasonal camping market, lifted sales of the steel security cabins used on civil engineering projects.

Net cash at the end of the half stood at £4m. Earnings per share were 10.16p (8.94p).

Gladiators give boost to Hornby

By David Blackwell

The Gladiators swung into action last year to help Hornby, the games, model trains and boat maker, to report a small rise in 1993 pre-tax profits from £1.46m to £1.5m.

However, turnover was 10 per cent down from £31.3m to £28.2m, with a corresponding fall in operating profits from £1.82m to £1.64m. Mr Alan Cox, finance director, said the UK market had been very difficult. However, sales of the Gladiator range, based on the television series and launched in August, had been very good, and were expected to continue successfully this year.

Hornby model railway sales were ahead, while Scalextric model racing car sales had held steady. The two account for over half the group's sales.

Net interest payable fell from £364,000 to £134,000, reflecting a fall in capital expenditure and lower seasonal borrowings. About two thirds of sales are made in the second half, so the group pays no interim dividend. The final dividend is maintained at 9p from earnings of 10.5p (11.5p).

The group, which ended the year with net cash of £4.5m (£3.1m), reduced its operating costs from £8.6m to £7.5m. But the savings were offset by weaker sterling, which took about £900,000 off the profits compared with 1992. Many of its toys are imported from the East Asia and paid for in dollars.

The Fletcher speed-boat business broke even on turnover of around £3m.

Capital Industries disappoints

By Tim Burt

Shares in Capital Industries fell 15p to 154p yesterday after the specialist packaging and financial services group announced a smaller than expected increase in profits from £2.45m to £2.5m pre-tax in 1993.

Mr Peter Underhill, chief executive, blamed the share price fall on the group's failure to meet profit forecasts of £5.4m.

"We made a profit but nothing like what we expected," he said yesterday.

Profits were held back by manufacturing problems at Samuel Jones, the group's laminated packaging business where anticipated production improvements did not materialise despite a £500,000 investment in new machinery.

Mr Underhill admitted second-half profits had been hit but said the subsidiary, acquired in late 1992, had increased group turnover to £74.8m (£74.3m).

Output had improved in recent months, he added.

A full year's contribution from Samuel Jones also lifted

the industrial division's operating profits to £3.4m (£2.2m).

Group operating profits of £5.3m (£3m) were further boosted by £1.4m (£1m) from the financial services division - dominated by its Capital Ventures subsidiary.

Profits generated by the company which manages £300m for enterprise zones - is expected to offset funds lost by the end of the Business Expansion Scheme, a main source of profits in the past.

Earnings rose to 12.9p (9.8p) and the final dividend is held at 2.4p for a total of 4.4p (4p).

Pittencreeff to raise £25m

By David Blackwell

Pittencreeff, which in January announced plans to split its oil and gas interests from the rapidly growing US mobile communications operation, is planning to raise £25m, net of expenses, through a placing and open offer.

The proceeds will be used to help fund the cash purchase of a 50 per cent working interest in three oil and gas fields in south Texas for £38m (£26m). After the demerger, Pittencreeff's oil and gas business will be renamed Pittencreeff Resources and will apply for a

London listing. The Texan acquisition, which is conditional on the demerger, will be made by Pittencreeff America, which will be a subsidiary of Pittencreeff Resources.

Pittencreeff Communications, Pittencreeff's 54 per cent owned subsidiary, which is traded on Nasdaq, will also apply for a London listing.

Mr Terry Heneaghan, chief executive, said the proposals should maximise value for shareholders of both Pittencreeff and Pittencreeff Communications. "The group reorganisation should produce significant commercial benefits

for the two business groups, which have distinct operating, financial and investment characteristics."

An extraordinary meeting to approve both the demerger proposals and the acquisition is scheduled for May 16. A second EGM on May 23 would complete the demerger.

Pittencreeff shareholders will be offered 1 share in Pittencreeff Resources for every Pittencreeff share held and 5 shares in Pittencreeff Communications for every 24 Pittencreeff shares held. They will also be offered a cash alternative to the Resources shares.

Macallan-Glenlivet down but confident

By Tony Jackson

Profits at Macallan-Glenlivet, the once high-flying Scottish malt whisky distiller, fell last year for the second time running. However, the company predicted a profits recovery this year and raised the dividend by 20 per cent.

Pre-tax profits for 1993 were down 19 per cent from £7.04m to £5.7m, on sales 7 per cent lower at £15.5m. Sales of new whisky fillings to the trade were down by over 20 per cent by volume for the second year running, though prices were marginally ahead.

Earnings per share were down from 4.45p to 3.62p. The final dividend is 0.74p (0.615p) making a 1.1p (0.915p) total.

Though the company's net cash position was broadly unchanged, interest receivable

fell from £552,000 to £555,000 as a result of lower rates.

Bottled sales of Macallan malt whisky, which make up most of the company's turnover, showed little change on the year, said managing director Mr William Phillips. This was because of high stocks in the trade at the start of the year. "We should see some movement this year," he said.

Prices were up slightly last year, but margins had been affected by higher promotional costs.

The company expects a further decline in new fillings this year, but said the Macallan brand is moving into a new phase of development. Mr Phillips said higher levels of stocks previously laid down were now maturing, leading to much greater availability of the product.

Portmeirion 14% ahead to £4.18m

Portmeirion Potteries, the pottery maker, achieved a record £4.18m in pre-tax profits for the year to December 31, a 14 per cent rise on the £3.67m for 1992.

Turnover improved by 9.6 per cent to £24.6m (£22.5m) with sales in the UK 17.2 per cent ahead and in continental Europe 21.4 per cent better. Production difficulties in the glazing department of the Stoke factory, however, led to low stocks in the US and sales there grew by just 2.7 per cent.

Operating profits on continuing activities improved to £4.12m (£3.7m) and the pre-tax result was at £4.09m (£3.6m) after a £109,000 (£189,000) contribution from associates and reduced net interest charges of £54,000 (£294,000).

Earnings per share emerged at 28.42p (£2.67p) and the dividend is lifted to 9p (7.75p) with a proposed final 6.75p (5.5p).

Mr George Hesp, managing director, said 1994 had started well with orders being taken for the group's new china, marketed in five patterns, which would be in the shops in May.

Garton £0.2m in the black after land sale

A profit of £275,455 from the sale of land stocks enabled Garton Engineering to show a pre-tax profit for 1993 of £210,000 against £254,000.

Turnover for this manufacturer of engineering components and fasteners was little changed at £20.22m (£20.15m).

Mr Aubrey Garton, chairman, said that the markets had been severely depressed resulting in reduced demand and severe competition.

He said there had been a Jmaked increase in orders intake in the present year, although some was at lower margins.

Operating profits were unchanged at £432,000. However, there was a higher interest charge of £222,000 (£178,000) despite a 13 per cent fall in borrowings over the year. Year-end gearing was 38 per cent, against 41 per cent.

Earnings per share came out at 3.7p (4.83p) and a proposed final dividend of 3.37p makes a total for the year of 4.5p (4p).

House of Fraser float successful

House of Fraser, the department store group, is expected to announce on Monday that the public element of its flotation has been "comfortably oversubscribed".

Applications for the offer, which closed yesterday, were still being counted last night. But it is thought that at least 70,000 private investors applied, most of them subscribing for between 200 and 500 shares, priced at 180p.

House of Fraser's directors are meeting with brokers SG Warburg today to decide the basis of allocation, also to be announced on Monday. Smaller investors are expected to be favoured.

The flotation comprises 229.6m shares, valuing the group at £413.3m, of which 75 per cent are being placed with institutions. Dealings begin on April 6.

Breedon slips to £1.62m

For the year ended January 31 1994 pre-tax profits of Breedon, the limestone quarrying and housebuilding concern, slipped from £1.82m to £1.62m despite a rise in turnover to £9.69m, against £8.73m.

Earnings per share were 3.86p (4.41p) but the dividend is maintained at 4.6p with an unchanged final of 2.85p.

The directors stated that in quarrying, continued low demand pressurised margins, while latterly a wet winter restricted sales.

Delaney back in the black

Delaney, the shopfitter and joiner, returned to the black in 1993 with pre-tax profits of £210,000, compared with restated losses of £53.3m last time.

Turnover from continuing operations increased by 15.1p per cent to £15.7m (£13.6m). The turnaround followed a £187,000 loss in the first half.

NEWS DIGEST

Earnings per share at the year end were 0.5p (9.9p losses). There is no dividend.

Atlas Converting falls to £4.07m

Atlas Converting Equipment, the manufacturer of slitting and rewinding machines, yesterday announced a fall in pre-tax profits from £5.03m to £4.07m for 1993 on turnover down slightly at £44.6m against £46.8m.

Earnings per share were 28.5p, compared with 41p, but the dividend is held at 22p with a same-again final of 15p.

F&C US Smaller Cos assets rise

Net asset value per ordinary share of the Foreign & Colonial US Smaller Companies improved from 98.5p to 109.2p over the six month period to December 31. By end-February the figure had increased to 114.4p.

Available revenue for the period from incorporation in January 1988 to the end of December was £223,000 equal to earnings of 0.45p. In the period to June 30 revenue was £244,000.

Premium Trust net asset value at 97.5p

Premium Trust, the Lloyd's insurance investment trust which came to the market in December, reported net asset value per share of 97.5p at February 28.

Net revenue for the interim period from December 10 to the end of February was £26,886 for earnings per share of 0.39p. The interim dividend is 0.25p.

Piper European Smaller for market

Piper European Smaller Companies Trust is coming to the stock market via a placing and offer for subscription.

It is offering up to 30m ordinary shares with warrants attached on a 1-for-5 basis at 100p each. The minimum investment is £1,000. Piper will invest mainly in quoted European smaller com-

panies with market capitalisations of up to £250m and its objective will be long-term capital growth.

Charterhouse Tilney has underwritten 10m ordinary shares, of which 9.7m have been placed with institutional and other investors.

Dealings are expected to start on April 11.

Culver expands 67% to £544,000

Pre-tax profits of Culver Holdings, the retail motor dealer, expanded by 67 per cent from £326,000 to £544,000 for 1993 on turnover well ahead at £32.6m, compared with £21.4m. The directors stated that initial indications for the current year were such that they believed the acquisitions made during last year, "will make an improved and important contribution to the group's 1994 results". Earnings per share were 0.9p (0.56p) while the dividend is lifted from 0.2p to 0.25p with a final of 0.14p.

Ticketing £614,000 in the black

Ticketing Group, which provides ticket sales and event management services and computerised ticketing systems, announced pre-tax profits of £614,000 for the year to December 31. In 1992 there were losses of £13.3m after exceptional charges of £11.3m.

The USM-quoted company had operated as a joint venture between Expedier and Wembley and was only constituted in its present form in February 1993 when its refinancing and reorganisation was completed.

Turnover amounted to £47.9m (£7.1m) with £44.7m from acquisitions. Earnings per share came through at 0.09p against losses of 14.57p.

Sphere Investment net assets ahead

Sphere Investment Trust raised net assets in 1993 from 75.57p to 85.58p per zero dividend share, and from 24.41p to 54.39p per income and residual capital share.

Net revenue increased from £4.78m to £5.29m for the year

and earnings per income and capital share came to 4.33p (3.92p). A fourth interim dividend of 1.15p (0.85p) makes a total for the year of 3.4p (3.1p).

Sphere said it was considering proposals to be put to shareholders for the continuation of the trust after October 1995. Options included an extension of the trust in its present form, and the establishment of a newly created vehicle with similar objectives to the present trust.

Advisers to power sale appointed

The Government has announced that Barclays de Zoete and Waddell, Kleinwort Benson have been appointed joint advisers on the sale of the Government's 40 pc stake in National Power and PowerGen, expected next Feb.

Kleinwort is broker to PowerGen. PowerGen said yesterday that Kleinwort would step down temporarily during the sale and a replacement appointed.

Inspec offer oversubscribed

The intermediaries offer for shares in Inspec, the specialty chemicals company, was over eight times subscribed with applications received for more than £141m of shares. Intermediaries have been allocated about 12 per cent of the number of shares for which they made applications on a pro rata basis. Monies in respect of excess applications were returned to intermediaries yesterday.

Inspec is coming to the market with a valuation of £136.4m following a £49.5m share sale. Of these, £32.3m were placed by stockbrokers Cazenove with its clients. Morgan Grenfell was sponsor to the issue.

London & St Lawrence

Net revenue of London & St Lawrence Investment amounted to £1.68m for the six months ended February 28 1994, against £513,323 and not for 12 months as stated in the edition of March 28.

YOUR OWN MINE. 34.00.

BHP earnings advance to A\$284.2m in third period

By Nikki Tait in Sydney

Broken Hill Proprietary, Australia's largest industrial company, posted an after-tax profit of A\$284.2m (US\$303m) for its third quarter. The group was lifted by a continuing improvement in its steel division and a record result from mineral interests.

The figure compares with A\$225.5m in the same period of 1993, and is scored on revenues of A\$4.06bn, against A\$4.09bn.

It means that BHP has earned A\$284.2m after tax in the nine months ended February, compared with A\$277.7m at the same stage a year ago. Undiluted earnings per share, for the first three quar-

ters, stood at 69.1 cents, up from 58.6 cents last time.

In operating profit terms, after tax but before finance charges, the minerals division saw a 10.9 per cent advance, to A\$208.2m. BHP said the record figure was due to the consolidation of results from the Ok Tedi mine in Papua New Guinea - which performed strongly after shipments were resumed in December following the local drought - and to higher shipments of copper, manganese, Indonesian and western US coal.

The exchange rate with the US dollar, after hedging, was helpful, although lower realised prices for most commodities partially offset this benefit.

A rise in the domestic market helped profits in the steel division, as did lower unit costs resulting from higher production levels and cost-cutting programmes.

The division made A\$103.5m, compared with A\$93.3m last time. The petroleum business, hit by falling oil prices but benefiting from a lower Australian tax rate, contributed A\$114.7m, an 8.1 per cent increase - although results for last year were affected by losses on the disposal of US gas properties.

The service companies made A\$13.1m against A\$10.1m. For the group overall, interest charges fell to A\$60.7m, compared with A\$77.2m in the third quarter of 1993.

Losses at INI widen as Iberia slumps

By David White in Madrid

Losses at Spain's state holding group Instituto Nacional de Industria soared by 68 per cent last year to Ptas125bn (€893m), reflecting deteriorating results in steel and shipbuilding and a sharply increased deficit at Iberia, the national airline group.

However, Mr Javier Salas, chairman, expressed cautious optimism for an improvement this year and said the group had to become "smaller and much stronger" in the next few years.

Group borrowing at the end of last year was Ptas2,300bn, roughly the same as annual turnover.

INI's shareholdings in steel production accounted for half the total loss.

Losses at Iberia and its subsidiaries doubled to Ptas8bn, weighed down by the company's interests in Latin America.

These include Aerolíneas Argentinas, where Iberia has just reached agreement on increasing its stake from 50 per cent to 85 per cent through conversion of debt.

Other heavy losers were the Inespal aluminium company and arms manufacturer Santa Bárbara.

The latter is due to shed two-thirds of its 3,000-strong workforce with the closure of five of its nine manufacturing sites.

The group's more successful interests, brought together under a new umbrella including INI's holdings in mining, defence, steel and shipbuilding, remained in profit but with net earnings sharply reduced to Ptas8bn from Ptas21bn, mainly reflecting the losses at Iberia.

Capital goods subsidiaries and the aerospace company CASA moved into profit.

However, the group continued to rely heavily on earnings from Endesa, the partly privatised electrical utility, which rose about 10 per cent to Ptas117bn.

A further 10 per cent of Endesa, in which Grupo Teneo now holds 75 per cent, is due to be sold off shortly.

Strong growth at Société Générale

By Alice Rawsthorn in Paris

Société Générale last year bucked the downturn in the French banking industry to increase net profits by 10.5 per cent to FFfr3.61bn (€612m) from FFfr3.26bn in 1992.

The bank is stepping up its dividend by 8.7 per cent to FFfr16 a share.

Mr Marc Vénot, chairman, said a strong performance from market trading activities had helped to counter the negative effect of the sluggish banking market.

He said the group was on course for another increase in profits during 1994.

The news of Société Générale's profits growth came only a day after Crédit Lyonnais, one of its chief competitors, announced a FFfr9.9bn net loss for 1993.

Crédit Lyonnais disclosed details of a FFfr4.9bn rescue package it has negotiated with the French government.

Société Générale, like Crédit Lyonnais, has been adversely affected by the impact of the economic recession on the French banking market.

However, it has been less vulnerable to the downturn, having adopted a more prudent approach to lending, acquisitions and provisioning in the approach to the recession.

The group saw its net banking income increase by 10.4 per cent to FFfr40.35bn in 1993 from FFfr36.55bn in 1992.

However, it managed to restrict the increase in its costs to 8.5 per cent at FFfr28.04bn in 1993 from FFfr25.85bn in the previous year thereby fueling a 15.1 per cent increase in oper-



Marc Vénot sees another profits increase during 1994

ating profits to FFfr12.31bn from FFfr10.7bn over the same period.

Mr Vénot said most of the

increase in operating profits came from market trading. Société Générale, like other Gallic banks, last summer made large profits from its dealings in the French franc during the European currency crisis.

However, the group was forced to make new provisions of FFfr7.21bn, a 15.3 per cent increase over FFfr6.26bn in 1992.

Mr Vénot said the bulk of these provisions were write-downs on commercial loans and property holdings.

● M6, the French television station due to be floated this year, reported a 60 per cent increase in net profits to FFfr168.2m for 1993.

The company is owned by a group of institutional investors including Lyonnaise des Eaux-Dumez.

HK property group rises 31%

By Louise Lucas in Hong Kong

Sun Hung Kai Properties, one of Hong Kong's leading property developers controlled by the Kwok family, yesterday posted a strong rise in first-half profits and announced a higher dividend.

Net profits rose to HK\$4.2bn (US\$545m) for the six months ended December, an increase of 31 per cent over the HK\$3.2bn of a year ago.

The company, which derives about 65 per cent of operating profit from property sales, generated HK\$3.2bn in sales dur-

ing the first half. Sales for the first three months of the second half were "very encouraging," the group said.

Since July the group has acquired four sites with an aggregate developable gross floor area of about 1.4m sq ft. It owns 12.8m sq ft of investment properties throughout the colony. The rental portfolio was almost fully let, the company said. Its total land bank in Hong Kong is 40m sq ft.

SHK Properties received about HK\$4bn cash from the conversion of 1993 warrants in the fourth quarter of that year.

Mr Walter Kwok, chief executive, said: "The outlook for the property market in Hong Kong remains optimistic. Because of continuing strong demand for housing, residential property prices will stay firm. While local interest rates are heading upwards, moderate increase in the prime rate is expected to have only a minimal impact on prices."

Earnings per share for the six months rose 25 per cent to HK\$1.94. The directors are recommending a dividend of 53 cents against 45 cents in the first half of last year.

Orient Overseas renews payout

By Louise Lucas

Orient Overseas (OOIL), the Hong Kong shipping group, yesterday underscored its turnaround in fortunes - brought about largely by non-recurring factors - by awarding shareholders its first ordinary dividend since 1985.

Net profits rose to US\$136.5m in 1993, compared with \$1.5m the previous year, and the directors recommended a dividend of 1.5 cents.

Results were buoyed by the sale of the group's remaining interest in the Hongkong International Termi-

nals group for \$120.1m, which was taken above the line.

While the core shipping activities still suffered from competition and over-supply, investments performed well. Mr C. H. Tung, chairman, warned: "The group's investment portfolio benefited from increased bond values and buoyant equity markets, particularly in Hong Kong and south-east Asia. Substantial returns on the portfolio were achieved. However, the group believes it is unlikely that these returns will be repeated in 1994."

OOIL held cash balances and

portfolio investments of \$477.7m at December 31 1993, compared with \$280.1m a year earlier.

The group has ordered six new container vessels costing \$484m, and expects further improvement in container transport business as a result of higher load factors. Strategic investment in China began last year with a property development project.

Operating profit after financing last year rose to \$17.4m, which compares with a loss of \$28.2m in 1992. Earnings per share rose to 27.7 cents against a 1.5 cent loss.

SAS cuts deficit to SKr492m

By Hugh Carnegie in Stockholm

Scandinavian Airlines System (SAS) yesterday reported a 35 per cent reduction in losses for 1993 and predicted it would return to profit this year.

The airline, in the midst of a tough cost-cutting operation following the failure last year of Alcazar, the planned four-way pan-European airline merger, said pre-tax losses reached SKr492m (€62.3m) in 1993, compared with a loss of SKr760m in 1992.

In spite of a more positive outlook for 1994, Mr Jan Reinas, the outgoing chief executive, strongly criticised the

commission of the European Union for a recent report which proposed that big loss-making airlines in the EU should be allowed a further round of state subsidies.

Mr Reinas, to be succeeded on April 1 by Mr Jan Stenberg, called the proposal unethical and complained that SAS was not competing on "a level playing field".

SAS turnover rose to SKr39.1bn from SKr34.4bn as heavier international traffic lifted traffic volumes by 8 per cent. But operating costs grew more sharply than sales to SKr37bn from SKr31.5bn.

Operating profit fell as a result to SKr249m from

SKr1.4bn. The improvement in the pre-tax deficit was due mainly to a profit of SKr810m from the sale and leaseback of six Boeing 767-300 aircraft. Other sales, including two catering subsidiaries, raised a further SKr558m.

SAS, jointly owned by Danish, Norwegian and Swedish companies in which each government has a share, faces further deregulation this year in the internal Nordic market.

However, it said it should return to profit partly through the effects of a SKr3bn cost-cutting programme of disposals and 2,900 job cuts introduced since the collapse of Alcazar.

UAL close to buy-out deal

By Christopher Parkes in Frankfurt

UAL, the parent company of United Airlines, is close to final agreement with its unions on a sale of 53 per cent of the company's stock to employees, writes Martin Dickson in New York.

The \$5bn buy-out, which would make UAL the largest employee-owned company in the US, was agreed in principle last December, but hit a problem when the company and unions failed to meet a deadline of March 15 for employee work rule concessions.

Deutsche Bank wins auction for Veba stake

By Christopher Parkes in Frankfurt

Deutsche Bank is to pay Frankfurt, Germany's most indebted city, about DM650m (€32m) for its 2.88 per cent stake in Veba, the energy-based conglomerate.

The bank emerged yesterday as the winner in a US-style auction handled by private bankers B Metzler and Sohn.

The Social Democrat mayor, said the shareholding had been sold to cut the city's annual interest payments on net debts of about DM7bn.

The sale had been timed in the light of the relatively modest 4 per cent dividend yield on the holding and the strength of Veba's share price. Deutsche is to buy the 1.33m shares for DM470 to DM495, compared with yesterday's closing price of DM485.50.

Vard plans to spin off ferry division

By Karen Fosell in Oslo

Vard, the troubled Norwegian cruise and ferry group, plans to spin off its ferry division into a separate company with an Oslo house listing and put the company up for sale.

Vard said the reason behind the move was to help run down the interest-bearing debt of the holding company, estimated at about \$185m.

In 1993, the holding company, which owns the ferry division, spent NKr78m (\$9.8m) on debt servicing, down from NKr107m in 1992. It received bareboat hire payments from the ferry division of NKr118m, against NKr114m in 1992.

The company said it did not intend to retain any shareholding in the new company - in contrast to an earlier plan in which it planned to maintain a stake of up to 30 per cent in the ferry business.

Vard has appointed Elcon Securities and Sundal Collier, two Norwegian stockbrokers, to find buyers for the ferry division. Vard reckons it could take up to three months to complete a disposal.

In 1993, the ferry division saw pre-tax profits, after bareboat hire payments, decline to NKr78.5m from NKr123.4m in 1992.

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THE CITY INSIDE OUT

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Dated: 26th March, 1994

COMMODITIES AND BOND PRICES

WEEK IN THE MARKETS

Coffee market hits 4-year high

Coffee producers had the satisfaction this week of seeing the initial target of their export retention scheme achieved. On Thursday the retention indicator price for arabica varieties (grown mostly in Latin America) exceeded 75 US cents a pound, triggering the reduction of the amount of beans they are committed to put into storage from 20 per cent of export shipments to 10 per cent.

Further encouragement was given by the fact that the news appeared to do no damage to market sentiment on either side of the Atlantic. On the day of the cut the July futures price on the New York futures market - which trades arabica - rose by 0.40 to 85.05 cents a pound, while at the London Commodity exchange - which trades the coarser robusta type - grew chiefly in Africa - the May futures price ended up \$13 at \$1,380 a tonne. During the day the London price had touched \$1,368 a tonne, the highest since the abandonment of the International Coffee Organisation's export quota system in 1989 triggered a market collapse.

Some traders suggested the market had become "overbought" as the May price rose \$26 to \$1,268 a tonne over the week but they suggested any retracement would be relatively brief. With consumer stocks continuing to decline, most saw the market extending the 48 per cent advance it has registered since the retention scheme was agreed last July.

The silver market also reached the highest level for more than four years this week, as US investment funds continued to buy and speculate were thought to be targeting the \$5 a troy ounce barrier for spot metal. But the technical chart barrier at \$5.75 an ounce must be overcome first, and this week's upsurge stopped just a quarter of a cent.

WEEKLY PRICE CHANGES

	Latest	Change on week	1993/1994	Low
Gold per troy oz.	\$389.40	+3.20	\$382.46	\$326.05
Silver per troy oz.	\$101.50	+18.00	\$83.50	\$28.00
Aluminium 99.7% (cmt)	\$1,309.00	+14.50	\$1,294.50	\$1,029.50
Copper Grade A (cmt)	\$1,946.50	+10.50	\$1,936.00	\$1,108.50
Lead (cmt)	\$482.50	+13.50	\$469.00	\$361.50
Nickel (cmt)	\$5,950.00	+80.00	\$5,870.00	\$4,040.00
Zinc SHG (cmt)	\$944.00	+10.00	\$934.00	\$688.00
Tin (cmt)	\$4,500.00	+90.00	\$4,410.00	\$3,400.00
Cocoa Futures May	1383	-21	1387.00	1063
Cocoa Futures Jun	1383	-21	1387.00	1063
Cocoa (LDP Raw)	329.20	-2.20	327.00	304.50
Wheat Futures Jun	594.20	+0.20	594.00	593.85
Wheat Futures Jul	110.00	+1.75	110.00	97.20
Cotton Outlook A Index	92.00	+1.10	92.00	84.15
Wood (Baltic Spruce)	25.00	+2.00	23.00	19.00
Oil (Brent Blend)	\$13.91x	+0.84	\$13.07	\$13.25

For more on these and other markets, see p. 20. © 1994 FT. All rights reserved.

short of that before edging back to \$5.70, up 39 cents overall.

Gold fed off silver's strength, and as Korean tensions were added to concern about the pre-election situation in South Africa its price pushed above \$400 an ounce to two-month peaks on both Thursday and Friday. But having failed to hold its gains on either occasion it closed relatively tame yesterday at \$398.40 an ounce, up \$3.20 on the week.

Platinum was also sensitive to situation in South Africa, and particularly in the home-land of Bophuthatswana, where around 20 per cent of the white metal is produced. After putting on \$4 in each of the past two days the London price was fixed yesterday at \$406.75 an ounce, up \$3.50 on the week.

At the London Metal Exchange copper and aluminium prices surrendered some of last week's gains, the former ending \$11.75 down at \$1,966.75 a tonne and the latter \$14 down at \$1,332.50 a tonne, both

prices being for three months delivery. But copper had ended the week with its tail up. After finding firm support below \$1,950 yesterday morning it climbed strongly, helped by another fall in LME warehouse stocks. Aluminium also found support below Thursday's closing level, which enabled it to put on \$5.

Copper's rally helped to steady other LME base metals contracts yesterday, notably lead, which early on had been moving closer to a widely-predicted test of support at \$450 a tonne for three months metal. After dipping to \$460.25 at one stage the price recovered to \$465.75, up 25 cents on the day but down \$14 on the week.

Richard Mooney

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7% PURITY (\$ per tonne)

Cash 1308.5-5 1332-3

Previous 1301-2 1326-7

High/Low 1308.5/1326

AM Official 1303-4 1327-5

Karb close 1328-7

Open Int. 271,103

Total daily turnover 44,672

ALUMINIUM ALLOY (\$ per tonne)

Cash 1285-80 1308-10

Previous 1270-80 1315/1298

AM Official 1280-2 1299-30

Karb close 1299-30

Open Int. 4,559

Total daily turnover 431

LEAD (\$ per tonne)

Cash 458-5 465-6

Previous 451-2 465-6

High/Low 445 460/469

AM Official 446-5.5 461-6

Karb close 469-70

Open Int. 35,669

Total daily turnover 3,052

NICKEL (\$ per tonne)

Cash 5880-80 5750-5

Previous 5880-80 5750-5

High/Low 5880-80 5750-5

AM Official 5880-80 5750-5

Karb close 5740-60

Open Int. 46,781

Total daily turnover 10,027

TIN (\$ per tonne)

Cash 5450-50 5510-20

Previous 5450-50 5510-20

High/Low 5450-50 5510-20

AM Official 5450-50 5510-20

Karb close 5510-20

Open Int. 18,511

Total daily turnover 4,003

ZINC, special high grade (\$ per tonne)

Cash 945-8.5 955-6

Previous 945-8.5 955-6

High/Low 945-8.5 955-6

AM Official 945-8.5 955-6

Karb close 955-6

Open Int. 104,598

Total daily turnover 14,982

COPPER, grade A (\$ per tonne)

Cash 1946-7 1968.5-7

Previous 1946-7 1968.5-7

High/Low 1946-7 1968.5-7

AM Official 1946-7 1968.5-7

Karb close 1968.5-7

Open Int. 19,512

Total daily turnover 1,497

LME AM Official 2/5 rates 1,497

LME Closing 2/5 rates 1,497

SILVER, 999.5 (\$ per troy ounce)

Cash 361.00 361.00

Previous 361.00 361.00

High/Low 361.00 361.00

AM Official 361.00 361.00

Karb close 361.00

Open Int. 361.00

Total daily turnover 361.00

HIGH GRADE COPPER (COMEX)

Cash 361.00 361.00

Previous 361.00 361.00

High/Low 361.00 361.00

AM Official 361.00 361.00

Karb close 361.00

Open Int. 361.00

Total daily turnover 361.00

Precious Metals continued

GOLD COMEX (100 Troy oz., \$ per oz.)

Mar 291.0 -0.5

Apr 291.2 -0.7

May 291.4 -0.9

Jun 291.6 -1.1

Jul 291.8 -1.3

Aug 292.0 -1.5

Sep 292.2 -1.7

Oct 292.4 -1.9

Nov 292.6 -2.1

Dec 292.8 -2.3

Jan 293.0 -2.5

Feb 293.2 -2.7

Mar 293.4 -2.9

Apr 293.6 -3.1

May 293.8 -3.3

Jun 294.0 -3.5

Jul 294.2 -3.7

Aug 294.4 -3.9

Sep 294.6 -4.1

Oct 294.8 -4.3

Nov 295.0 -4.5

Dec 295.2 -4.7

Jan 295.4 -4.9

Feb 295.6 -5.1

Mar 295.8 -5.3

Apr 296.0 -5.5

May 296.2 -5.7

Jun 296.4 -5.9

Jul 296.6 -6.1

Aug 296.8 -6.3

Sep 297.0 -6.5

Oct 297.2 -6.7

Nov 297.4 -6.9

Dec 297.6 -7.1

Jan 297.8 -7.3

Feb 298.0 -7.5

Mar 298.2 -7.7

Apr 298.4 -7.9

May 298.6 -8.1

Jun 298.8 -8.3

Jul 299.0 -8.5

Aug 299.2 -8.7

Sep 299.4 -8.9

Oct 299.6 -9.1

Nov 299.8 -9.3

Dec 300.0 -9.5

Jan 300.2 -9.7

Feb 300.4 -9.9

Mar 300.6 -10.1

Apr 300.8 -10.3

May 301.0 -10.5

Jun 301.2 -10.7

Jul 301.4 -10.9

Aug 301.6 -11.1

Sep 301.8 -11.3

Oct 302.0 -11.5

Nov 302.2 -11.7

Dec 302.4 -11.9

Jan 302.6 -12.1

Feb 302.8 -12.3

Mar 303.0 -12.5

Apr 303.2 -12.7

May 303.4 -12.9

Jun 303.6 -13.1

Jul 303.8 -13.3

Aug 304.0 -13.5

Sep 304.2 -13.7

Oct 304.4 -13.9

Nov 304.6 -14.1

Dec 304.8 -14.3

Jan 305.0 -14.5

Feb 305.2 -14.7

Mar 305.4 -14.9

Apr 305.6 -15.1

May 305.8 -15.3

Jun 306.0 -15.5

Jul 306.2 -15.7

Aug 306.4 -15.9

Sep 306.6 -16.1

Oct 306.8 -16.3

Nov 307.0 -16.5

Dec 307.2 -16.7

Jan 307.4 -16.9

Feb 307.6 -17.1

Mar 307.8 -17.3

Apr 308.0 -17.5

May 308.2 -17.7

Jun 308.4 -17.9

Jul 308.6 -18.1

Aug 308.8 -18.3

Sep 309.0 -18.5

Oct 309.2 -18.7

Nov 309.4 -18.9

Dec 309.6 -19.1

Jan 309.8 -19.3

Feb 310.0 -19.5

Mar 310.2 -19.7

Apr 310.4 -19.9

May 310.6 -20.1

Jun 310.8 -20.3

Jul 311.0 -20.5

Aug 311.2 -20.7

Sep 311.4 -20.9

Oct 311.6 -21.1

Nov 311.8 -21.3

Dec 312.0 -21.5

Jan 312.2 -21.7

Feb 312.4 -21.9

Mar 312.6 -22.1

Apr 312.8 -22.3

May 313.0 -22.5

Jun 313.2 -22.7

Jul 313.4 -22.9

Aug 313.6 -23.1

Sep 313.8 -23.3

Oct 314.0 -23.5

Nov 314.2 -23.7

Dec 314.4 -23.9

Jan 314.6 -24.1

Feb 314.8 -24.3

Mar 315.0 -24.5

Apr 315.2 -24.7

May 315.4 -24.9

Jun 315.6 -25.1

Jul 315.8 -25.3

Aug 316.

CURRENCIES AND MONEY

MARKETS REPORT

Dollar wobbles

Dollar and sterling wobbled on the foreign exchanges yesterday, but the two currencies managed to recover from earlier lows, writes Philip Gault.

Both were victims to the bearish sentiment sweeping through financial markets. Analysts said there was no cogent explanation for the current malaise where markets seemed determined to squeeze a bearish message out of unrelated events.

Perhaps the worst case of jitters was in the sterling futures market where there was a very heavy sell-off in the morning. The June contract fell to a low of 94.55, effectively discounting a 20 basis points increase in three months money by mid-year.

Prices later recovered and the June contract settled seven points lower at 94.66. The December contract was also seven points down at 94.18 after touching a low of 93.97.

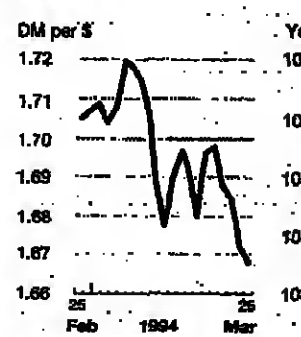
implying base rates of over 6 per cent.

The performance of sterling provided a good measure of the confusion. While futures were plunging, discounting a significant tightening of rates, sterling was falling at an equally impressive rate.

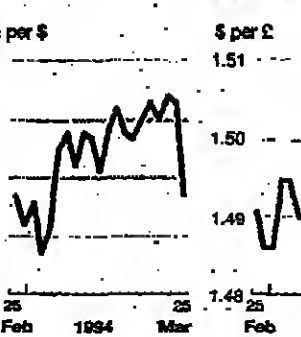
The UK currency touched a low of DM2.4890 against the D-Mark before recovering to finish in London at DM2.4973, slightly above Thursday's close of DM2.4971. It finished slightly higher against the dollar at \$1.4975 from \$1.493.

Mr Gerald Holtzman, chief international economist at Lehman Brothers, said sterling's weakness related to the general weakness of UK asset markets.

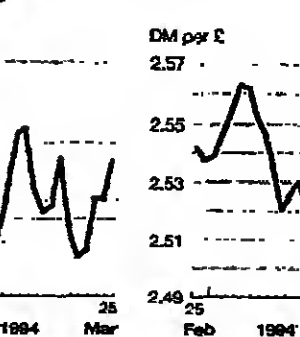
Dollar



Sterling



French franc



He said the UK had a much poorer inflation record than countries like the US and Germany, so "it is natural that there would be a higher risk premium on UK assets at this point."

Mr Avinash Persaud, head of currency research at JP Morgan (Europe), said sterling was weak because the market was drawing an analogy between the UK and the US, saying UK rates would also have to move up.

Most observers believe the market is too pessimistic about

UK rates, with a further 25 basis points cut a possibility, though it may have to wait for the summer.

In the discount market the Bank of England offered late assistance of £240m after forecasting a £105m shortage. Earlier it had put £718m liquidity into the market.

The dollar recovered from a five month low of DM1.6655 to finish in London at DM1.668, down from Thursday's DM1.6728.

Mr Holtzman argued that

with higher US rates already discounted, the only thing that can help the dollar is people changing their mind about the German - believing that Germany would be a lower risk than the UK.

Mr Persaud said the market needed a more decisive signal about the future outlook for rates than the weekly trimmings of the repo rate.

The D-Mark was firm in Europe yesterday, continuing to benefit from dollar weakness, and selling in the weak markets. It was up against the

French franc at FF3.426 from FF3.424 on Thursday.

It was weaker against the lira which recovered from a low of L997.05 to end at L998.4, compared to L993.2 on Thursday. Trading was nervous ahead of this weekend's election.

POUND SPOT FORWARD AGAINST THE POUND									
Mar 25	Closing mid-point	Change on day	Bid/offer spread	Day's high	Day's low	One month Rate	Three months Rate	One year Rate	Bank of England Index
Europe									
Austria (Sch)	17.5208	-0.0052	221 - 377	17.5752	17.5021	17.5281	0.3	17.5205	0.2
Belgium (Bfr)	15.4846	-0.0018	506 - 183	15.5100	15.4600	15.4896	-0.1	15.4846	-0.6
Denmark (DKr)	8.4645	-0.0010	404 - 525	8.4855	8.4435	8.4655	-0.1	8.4645	-0.6
France (Ffr)	6.5598	-0.0018	281 - 455	6.5808	6.5388	6.5598	-0.1	6.5598	-0.6
Germany (DM)	2.4978	-0.0007	944 - 891	2.5078	2.4878	2.4978	-0.1	2.4978	-0.6
Greece (Dr)	365.303	-0.0018	385 - 404	365.303	365.303	365.303	-0.1	365.303	-0.6
Ireland (Ir£)	7.8711	-0.0018	385 - 404	7.8711	7.8711	7.8711	-0.1	7.8711	-0.6
Italy (Lit)	2070.118	-0.0018	385 - 404	2070.118	2070.118	2070.118	-0.1	2070.118	-0.6
Luxembourg (Lfr)	40.3391	-0.0018	385 - 404	40.3391	40.3391	40.3391	-0.1	40.3391	-0.6
Netherlands (Gld)	2.20365	-0.0002	971 - 998	2.20365	2.20365	2.20365	-0.1	2.20365	-0.6
Norway (Nkr)	10.4737	-0.0008	890 - 785	10.4737	10.4737	10.4737	-0.1	10.4737	-0.6
Portugal (Esc)	206.486	-0.0018	385 - 404	206.486	206.486	206.486	-0.1	206.486	-0.6
Spain (Ptas)	166.638	-0.0018	385 - 404	166.638	166.638	166.638	-0.1	166.638	-0.6
Sweden (Skr)	11.8202	-0.0008	118 - 286	11.8202	11.8202	11.8202	-0.1	11.8202	-0.6
Switzerland (Sfr)	2.1239	-0.0004	228 - 240	2.1239	2.1239	2.1239	-0.1	2.1239	-0.6
UK (£)	1.2979	-0.0004	971 - 998	1.2979	1.2979	1.2979	-0.1	1.2979	-0.6
USA (\$)	1.4975	-0.0004	971 - 998	1.4975	1.4975	1.4975	-0.1	1.4975	-0.6
AMERICA									
Argentina (A\$)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
Brazil (R\$)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
Canada (C\$)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
Mexico (New Pes)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
USA (\$)	1.4975	-0.0004	971 - 998	1.4975	1.4975	1.4975	-0.1	1.4975	-0.6
Pacific/Middle East/Africa									
Australia (A\$)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
Hong Kong (HK\$)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
India (Rs)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
Japan (Y)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
Malaysia (M\$)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
New Zealand (NZ\$)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
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Saudi Arabia (S\$)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
Singapore (S\$)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
S Africa (Rand)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
S Korea (W\$)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
South Korea (W\$)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
Taiwan (N\$)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
Thailand (B\$)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6

DOLLAR SPOT FORWARD AGAINST THE DOLLAR									
Mar 25	Closing mid-point	Change on day	Bid/offer spread	Day's high	Day's low	One month Rate	Three months Rate	One year Rate	J.P. Morgan Index
Europe									
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Portugal (Esc)	206.486	-0.0018	385 - 404	206.486	206.486	206.486	-0.1	206.486	-0.6
Spain (Ptas)	166.638	-0.0018	385 - 404	166.638	166.638	166.638	-0.1	166.638	-0.6
Sweden (Skr)	11.8202	-0.0008	118 - 286	11.8202	11.8202	11.8202	-0.1	11.8202	-0.6
Switzerland (Sfr)	2.1239	-0.0004	228 - 240	2.1239	2.1239	2.1239	-0.1	2.1239	-0.6
UK (£)	1.2979	-0.0004	971 - 998	1.2979	1.2979	1.2979	-0.1	1.2979	-0.6
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Saudi Arabia (S\$)	1.4977	-0.0004	971 - 998	1.4977	1.4977	1.4977	-0.1	1.4977	-0.6
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CROSS RATES AND DERIVATIVES									
Mar 25	Open	Close	Change	High	Low	Est. vol	Open int.	Open int.	Open int.
Belgium (Bfr)	10.113	10.113	0.000	10.113	10.113	21.11	501.4	393.2	22.38
Denmark (DKr)	52.28	52.28	0.000	52.28	52.28	11.04	262.1	208.7	12.00
France (Ffr)	11.50	11.50	0.000	11.50	11.50	30.18	240.1	183.1	2.82
Germany (DM)	30.61	30.61	0.000	30.61	30.61	12.4	425.1	362.1	4.72
Ireland (Ir£)	49.50	49.50	0.000	49.50	49.50	10.4	242.1	187.1	1.49
Italy (Lit)	183.30	183.30	0.000	183.30	183.30	10.4	10.4	10.4	0.00
Netherlands (Gld)	183.30	183.30	0.000	183.30	183.30	10.4	10.4	10.4	0.00
Norway (Nkr)	47.36	47.36	0.000	47.36	47.36	10.4	10.4	10.4	0.00
Portugal (Esc)	206.48	206.48	0.000	206.48	206.48	10.4	10.4	10.4	0.00
Spain (Ptas)	166.63	166.63	0.000	166.63	166.63	10.4	10.4	10.4	0.00
Sweden (Skr)	43.55	43.55	0.000	43.55	43.55	10.4	10.4	10.4	0.00
Switzerland (Sfr)	2.12	2.12	0.000	2.12	2.12	10.4	10.4	10.4	0.00
UK (£)	34.37	34.37	0.000	34.37	34.37	10.4	10.4	10.4	0.00
USA (\$)	33.92	33.92	0.000	33.92	33.92	10.4	10.4	10.4	0.00
Japan (Y)	339.2	339.2	0.000	339.2	339.2	10.4	10.4	10.4	0.00

CROSS RATES AND DERIVATIVES									
EXCHANGE CROSS RATES									
Mar 25	Open	Close	Change	High	Low	Est. vol	Open int.	Open int.	Open int.
Belgium (Bfr)	10.113	10.113	0.000	10.113	10.113	21.1			
Denmark (DKr)	10.113	10.113	0.000	10.113	10.113	21.1			
France (FFr)	0.015	0.015	0.000	0.015	0.015	2.0			
Germany (DM)	20.81	20.82	0.01	20.82	20.81	1.4			
Ireland (Ir£)	49.50	49.48	-0.02	49.50	49.48	1.1			
Italy (Lit)	2.084	2.084	0.000	2.084	2.084	1.0			
Netherlands (Gld)	3.50	3.50	0.000	3.50	3.50	1.0			
Norway (Nkr)	47.36	47.36	0.000	47.36	47.36	1.0			
Portugal (Esc)	19.95	19.95	0.000	19.95	19.95	1.0			
Spain (Ptas)	25.09	25.09	0.000	25.09	25.09	1.0			
Sweden (Skr)	8.33	8.33	0.000	8.33	8.33	1.0			
Switzerland (Sfr)	25.24	25.24	0.000	25.24	25.24	1.0			
UK (£)	51.48	51.47	-0.01	51.48	51.47	1.0			
Canada (Cdn\$)	0.57	0.57	0.000	0.57	0.57	1.0			
Japan (Yen)	32.83	32.80	-0.03	32.83	32.80	1.0			
South Africa (Rand)	35.08	35.08	0.000	35.08	35.08	1.0			

AUTHORISED UNIT TRUSTS

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INITIAL CHARGE: Charge made on sale of a new vehicle. Includes a portion of the administrative costs. Including cancellation paid to the manufacturer. The charge is included in the price of vehicle.

OFFER PRICE: Also called trade price. The price at which a vehicle is offered for sale.

REDUCTION PRICE: Also called reduction price. The price at which vehicles are sold back by the manufacturer.

CANCELLATION PRICE: The minimum refund required by the manufacturer if a vehicle is returned back down by the government. In practice, most car trade managers quote a much higher cancellation price to retain the customer. This offer allows the customer to return the vehicle for the manufacturer at any time, usually in exchange for a vehicle of a larger make or make of vehicle that they like.

TIME: The time shown alongside the hand written price is the time taken for the vehicle to be taken out of the showroom. This is indicated by the printed alongside the individual car's price. The typical time for a car to be taken out of the showroom is 100 hours (40 - 1100 hours) (100 - 1400 hours) (40 - 1100 hours).

DELIVERY PRICES: Delivery prices are not on the basis of the vehicle's price. They are based on the price of the vehicle before delivery.

HISTORIC PRICING: The letter H denotes that the managers will normally sell the car at the price set on the most recent valuation. The letter M denotes that the managers will publish and may not meet the current dealer's best knowledge of an individual portfolio of vehicles. The letter L denotes that the managers set price at a level just below the market, and may not be able to achieve any of these.

FORWARD PRICING: The letter F denotes that the price set at the time of sale is not the best value, incentives can be given as the vehicle is sold. The letter C denotes that the vehicle is being carried out. The prices appearing in the magazine are the most recent provided by the manufacturer.

SCHEME PARTICULARS AND REPAIRS: The most recent repair and replacement costs can be obtained from a change from hand instructions.

Other explanatory notes are contained in the last column of the
FT Managed Funds Unit
Full Assessment and Unit Trust
Investment Service
Contacting
100 Brookwood Road, London W14 9SH
0181 737-0464.

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (71) 873-4378 for more details.

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DATE	FILE	FILE	FILE	FILE
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WORLD STOCK MARKETS

AMERICA

Dow subdued after Thursday's plunge

Wall Street

US stocks fluctuated within a narrow range of their opening levels yesterday morning, as investors struggled to put the previous day's sell-off in perspective, writes Frank McGurty in New York.

By 1 pm, the Dow Jones Industrial Average was 6.62 lower at 9,814.47, while the more broadly based Standard & Poor's 500 was 0.23 easier at 461.58. In the secondary markets, the American SE composite slipped 0.71 to 468.95, and the Nasdaq composite edged 0.65 higher to 787.44.

By comparison with Thursday's heated session, which brought a 48 point plunge in the bellwether blue-chip index, yesterday's activity was subdued. Investors had only one

shred of economic news to guide sentiment - a 9.9 per cent decline in February sales of existing homes - but the disturbing effect of last month's bad weather mitigated any negative implications suggested by the steep downturn.

More importantly for stocks, the report failed to stir the US Treasury market, which drifted lower amid continued uncertainty in the debt markets generated by the assassination of Mr Luis Donaldo Colosio, the Mexican presidential candidate. Although the bonds showed little change, equity investors were hardly pleased to see the yield bid on the benchmark 30-year government issue creep dangerously close to the 7.00 per cent level, an important psychological barrier. By midday, the long

bond was yielding 6.957 per cent.

However, at least one stock benefited from the upward shift in interest rates. Chrysler put on \$1.40 to \$54.40 after a company official said higher rates would likely have a favourable impact on the economy and the company's performance.

Elsewhere, the most noteworthy activity was influenced by company-specific developments. UAL, the parent of United Airlines, jumped 46¢ to \$130.00 after the company said it was in the final stages of negotiating the sale of 53 per cent of its equity to the carrier's employees.

But International Business Machines was marked down \$1.75 to \$55 after a turnaround prospectus presented the previous afternoon by its chairman,

Mr Louis Gerstner, drew mixed reviews from investors.

It was busy day for Wall Street's brokerage houses, which released plenty of market-moving investment advice. Prudential's investment manager, Mr George Salem of Prudential Securities, the analyst cut his earnings estimate on the group, citing a more difficult business climate.

Bankers Trust, however, fell \$1.75 to \$70.00 on a downgrade by Mr George Salem of Prudential Securities. The analyst cut his earnings estimate on the group, citing a more difficult business climate.

Canada

Toronto stocks blamed interest rate rises as the TSX-300 index tumbled 38.98 to 4,530.75 at midday. Canada's major banks raised their prime rates in the

morning, the first prime rate rise since late August, 1993.

Mexico

Equities fell more than 100 points in early trading as the market reopened after Thursday's closure following the assassination of presidential candidate Mr Luis Donaldo Colosio. The IPC index was down 104.06, or 4.1 per cent, at 2,439.51 at midday. Volume was some 24m shares.

Brazil

São Paulo climbed 5.4 per cent in moderate mid-session trade as investors returned to the market in a technical rebound. The Bovespa index was 751 higher at 14,517 at 1300 local time.

Hard-hit bank sector leads Zurich lower

Ian Rodger says US rate rises have hit confidence

The correction is over in the Swiss stock market - at least for now. That is the consensus among analysts who watched the market lose 10 per cent of its value last month before rebounding slightly early in March.

But there is not much confidence in an early or strong rally, which is hardly surprising considering the scale of the recent damage to some of the leading shares.

The three big banks have been particularly hard hit. Following the old maxim that wise investors buy on speculation and sell on the news, shares of all three responded to the publication in the past few weeks of spectacular 1993 profit rises by heading decisively downwards.

Union Bank of Switzerland bears were stuck at SF1,204 yesterday, some 20 per cent below their 1994 high. CS Holding bears at SF1,647, have shed 15 per cent since their January peak.

This week, the main indices have been making only tentative moves in both directions. Yesterday, the SMI index of 18 leading shares ended at 2,831.5, little changed from the 2,843.5 point at the previous week's close. The all-share SPI at 1,833.1 was likewise not far from last week's 1,831.5 close.

Analysts take some comfort from the observation that both the correction and the current nervous mood derive largely from the recent US interest rate hikes, whereas the interest rate trend in Europe remains downward. Inflation in Switzerland, for example, is widely expected to sink under 1 per cent later this year.

For some, the correction brings a welcome change from the frenzied mood of two months ago. "We are back to the long term trend," says Mr Beat Philipp, head of equity research at Bank J. Vontobel in Zurich, although he and others do not rule out the possibility of further tests of the resilience of the market in the next couple of months.

Then they see the market advancing well in the second half, especially if US interest rates do not encourage US

investors to repatriate funds.

The problem for the Swiss market at the moment is that it is primarily composed of financial and defensive stocks, such as pharmaceuticals and food issues. During the past two years, when interest rates and economic performance were declining in most industrialised countries, this composition served very well.

But with both the interest rate and economic cycles at or near their turning points, investors' attention has turned decisively to cyclical shares, and there the Swiss market is rather thinly represented.

Most international portfolio managers have already

Still, these are the shares that many Swiss analysts have on their recommendation lists. "Every correction is a splendid opportunity to buy," says Mr Bernhard Tschach of Credit Suisse in Zurich. He believes that overall corporate earnings will be up a sparkling 19 per cent this year after 24 per cent last year, with another 16.5 per cent gain expected next year.

So far, 1993 profit reports have tended to bolster the cyclical recovery story. This week, Holderbank, the cement group, reported 1993 net income up 13.3 per cent to SF1,438m, well ahead of its 4.9 per cent forecast in November.

Even the report on Tuesday from Georg Fischer, the troubled foundries and engineering group, of a SF1,240m loss on restructuring costs could not undermine the optimism. Investors bid up Fischer bears SF1,260 following the chief executive's forecast of returning to profit this year.

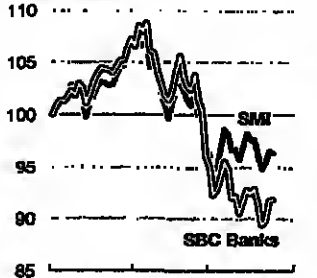
Interest in secondary stocks is also rising, with issues such as vehicle maker Bucer, computer mouse maker Logitech and travel agents Kuoni being mentioned frequently.

But if the market is to resume its growth pattern again - and most analysts believe it will advance 10 per cent to 15 per cent this year - the focus will have to shift back to the banks and possibly the pharmaceuticals.

Analysts agree that the big bank shares have been oversold on directors' warnings of flat profits this year. Mr Philipp acknowledges that the banks' earnings and currency trading are most unlikely to match last year's extraordinary levels. But he argues that the banks' overall earning power has been transformed in recent years through tighter management. Still, many investors are inclined to focus their attention elsewhere. "It is not that we think the Swiss market will do badly this year. But we think other European markets, that have more cyclical potential, will do a lot better," says an analyst at brokers James Capel in London.

Switzerland

Indices rebounded



Source: FT Graphix

EUROPE

German banks offer hope on interest rates

Bourses pulled back some of their losses in the afternoon, seeing a measure of recovery in bond markets, and in the dollar, writes Our Markets Staff.

FRANKFURT incorporated Thursday's post-bourse losses and dropped further by the end of the session when the Dax index was 2,130.06, down nearly 14 points from the previous afternoon's close and off 1.2 per cent on the week.

However, bond futures rose late, there was a slight gain in the dollar, and the ibis-indicated Dax recovered to end just 0.36 down at 2,134.00.

The Federation of German Banks said yesterday that German interest rates could continue to fall in spite of increases in US rates. In Milan, Deutsche Bank said that the Bundesbank is likely to cut official lending rates half a percentage point in April, with a further half a point cut before the end of the year.

Turnover fell DM3.8m to DM7.6bn. Volkswagen fell DM3.50 to DM499.30 but it continued its upward career in relative terms, just overtaking BMW - down DM4.50 to DM515 - in the performance stakes with a gain of 13.5 per cent since January 1.

PARIS dipped sharply in the last moments of trading as the influx continued to exert its influence over equities.

In a volatile start to the new account, the CAC-40 index moved from a day's high of 2,171 to a low of 2,113, before settling down at 2,136.62. The market has lost 3.8 per cent over the week.

Turnover was moderate at FF4.4bn. Disappointing results from Crédit Lyonnais after the close on Thursday upset sentiment, and particularly Thomson-CSF, which holds a 20 per cent stake and slipped FF13.30 or 7 per cent to FF175.20. Crédit Lyonnais said that it was omitting the dividend.

Société Générale was expected to benefit on Monday from better than expected results announced after the close on Friday. It closed FF3 lower at FF637, before a 10 per cent rise in 1993 profit and an increased dividend.

AMSTERDAM closed the session and the week on a negative note. The AEX index slipped 1.26 or 406.83, bringing the week's decline to 2.8 per cent.

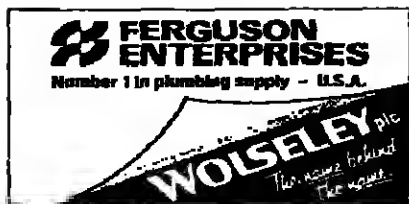
There were some heavy falls among the major blue chips, although DSM resisted the trend with a rise on the day of

FT-SE Actuaries Share Indices

Mar 25		THE EUROPEAN SERIES													
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close							
FT-SE Eurobank 100	1419.20	1414.60	1414.18	1412.40	1406.87	1405.17	1403.08	1412.49							
FT-SE Eurobank 200	1450.81	1444.03	1446.60	1446.52	1439.96	1443.17	1449.28	1449.56							
		Mar 24	Mar 23	Mar 22	Mar 21	Mar 18									
FT-SE Eurobank 100		1425.41	1446.73	1438.48	1438.71	1445.51									
FT-SE Eurobank 200		1454.56	1478.00	1477.51	1479.54	1485.49									
Index value 1000 (2010/01/01): Eurobank 100 - 1419.20; 200 - 1450.81; London 100 - 1469.23; 200 - 1430.14.															

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FINANCIAL TIMES

Weekend March 26/March 27 1994

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Outgoing parliament on trial in Italian poll

By Robert Graham in Rome

It is rare to see a prime minister as a silent protagonist during a noisy election campaign.

Mr Carlo Azeglio Ciampi, the Italian prime minister, has stayed aloof almost until the end. As the campaign for tomorrow's parliamentary poll winds up today, he can look back on only one occasion when he broke his self-imposed silence.

This was to defend his government's record of economic management against accusations by the media magnate Mr Silvio Berlusconi of falsifying the public accounts. Though said during the heat of a television debate on Wednesday and directed by Mr Berlusconi, leader of the Forza Italia party, against his arch-rival Mr Achille Occhetto, the leader of the Party of the Democratic Left (PDS), the accusation touched a raw nerve.

Since being called in last April to run the government after 14 years at the helm of the Bank of Italy, the 73-year-old Mr Ciampi has concentrated on the public accounts. The curt note from his office on Thursday revealed extreme irritation.

Without naming Mr Berlusconi, the statement said: "As a result of this serious accusation,

Prime minister Ciampi remains silent despite his popularity

I am obliged to drop the reserve I imposed on myself during the election campaign."

Faced with his ire and a barrage of economic data, Mr Berlusconi yesterday was doing his best to beat an elegant retreat to avoid any fallout from the man judged by the polls to be the most popular public figure.

The incident highlighted the curious nature of these elections for Italy's 12th post-war legislature. The elections involve no challenge to an incumbent government, which in this case is essentially technocratic with a non-political premier.

Mr Ciampi, widely praised for his firm managerial style and for recouping Italy's international credibility, has refused to stand because he does not see himself as a politician linked to a particular party.

It is parliament, elected in April 1992, that has lost the confidence of the electorate as a result of the corruption scandals and collapse of the ruling parties. The outgoing parliament is on trial; and the electorate is being asked to decide which of the old parties

have been recycled convincingly and which of the new show promise.

Perversely, Mr Berlusconi, whose Fininvest business empire was built up on the back of close ties with the discredited Socialists, has succeeded in portraying himself as the new with his Forza Italia movement. Mr Occhetto, though representing a party historically opposed to the old order, has failed to present the PDS as the new.

Rather, in seeking credibility for the PDS-led Progressive Alliance, he has leaned heavily on Mr Ciampi. Several times he has said Mr Ciampi would be the PDS's choice to head the next government.

The PDS's identification with the Ciampi administration lay behind Mr Berlusconi's outburst about the public accounts.

But in attacking the government, Mr Berlusconi reminded Italians that for the first time during an election the country has a fully functioning government.

Upstart in Bossi country, Page 2

Capel to break with past and make markets

By Norma Cohen, Investments Correspondent

James Capel, the UK stockbroker, is to make his first foray into equities market-making, specialising in the shares of its own smaller corporate clients which complain that their stock cannot be easily traded.

The move is a sharp reversal of policy for Capel, which said at the time of the Big Bang deregulation in the City in 1986 that it would not both make markets and also act as a broker for investors because of the potential conflict of interest that this would involve.

Its latest decision follows the withdrawal by many UK stockbrokers from marketmaking during the recession after they incurred heavy losses.

Marketmakers are professionals who offer to buy and sell companies' shares, even in volatile market conditions.

Mr Bob Benton, Capel's managing director, said the firm, a division of Hongkong and Shanghai Banking Corporation, was responding to the needs of its clients who had seen liquidity in their shares dry up.

There have been instances where we have had to ask a favour from another marketmaker on behalf of one of our corporate clients," Mr Benton said.

Following the liquidity problems, the London Stock Exchange announced plans last year to close its Unlisted Securities Market where many small company shares are traded.

James Capel will only make markets in the shares of companies that are not included in the FT-SE 100 index of largest companies.

Moreover, all but about 10 of its 69 corporate clients are too small to be included among the 350 biggest companies traded on the London Stock Exchange, which account for 90 per cent of the total value of all listed companies.

Mr Benton said that, for now, James Capel had decided not to extend its marketmaking capacity beyond its own smaller clients.

However, the advent of Crest in early 1996, the proposed system for paperless share settlement which is being developed by the Bank of England, could prompt the firm to reconsider its stance.

Under Crest, any deals struck that are struck in the market will be settled within five days. This may make it necessary for securities firms to borrow shares to deliver to investors if sellers are unable to deliver them on time.

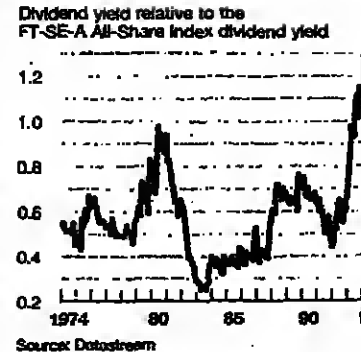
Under the present settlement system, stockbrokers and their clients have up to two weeks to settle a bargain.

THE LEX COLUMN

Return to value

FT-SE Index: 3129.0 (+7.3)

Dividend yield relative to the FT-SE-A All-Share Index dividend yield



US healthcare providers either to switch from Zantac altogether or to demand a lower price. There must be a fair chance that Glaxo's rate of growth is about to slow.

Until the outlook is clearer, it is hard to see the shares forging ahead. Glaxo has already underperformed the UK market by 50 per cent since its peak early in 1992. But that is par for the course among drugs companies. Merck has underperformed Wall Street by almost exactly the same percentage over that time. The wider squeeze on margins is the underlying cause of this malaise. How much Glaxo's customers are prepared to pay for Zantac will be an acid test.

US bonds

The slow Chinese hurn being applied by the Federal Reserve to the American economy is causing plenty of pain in the US Treasury bond market. Yields are now touching 7 per cent, almost 1.5 percentage points above their autumn lows. Some blame the gradualist quarter point interest rate rises inflicted by the Fed for drawing out the agony. Yet what has caused the retreat is perceptions of future short term interest rates. Forward markets imply that US rates will have doubled to around 6 per cent by the end of next year.

If that happened, bond yields could not remain as low as 7 per cent. But then, it could be that it is expectations which have got out of kilter. The Fed may have good reasons for operating on the economy with a scalpel rather than a mallet. The surge in growth in the second half of last year came partly because consumers ran down

savings. Unless those savings are replaced by rapidly rising incomes, that growth will be a one-off effect. The surge in housing construction and business investment may also end if growth starts to slow.

Since the objective is to restrain growth to a sustainable rate, the Fed will also have an eye to the political risks of dumping the economy into recession in the run up to the next presidential election. Slow rises in interest rates may thus continue. They may even be enough. The bond market will remain sensitive to the inflation threat, but if growth moderates, those interest rate expectations look overdue.

UK electricity

Including purchases made this week, Eastern Electricity has now bought back around 3 per cent of its own shares. That shows a certain confidence in the future, despite the recent nerves of the market. It also shrugs off the uncertainty surrounding the review of regional electricity companies currently being conducted by Oftec, the industry regulator.

Eastern's confidence looks well placed. The Recs' shares have fallen in response to weakness in the gilt market, yet valuing Recs as quasi-fixed interest stocks is a mistake. Real dividend growth will be at least 15 per cent over the next two years. And as Oftec's review seems to be running along pragmatic lines, a deal may emerge which inflicts sufficient financial pain on the Recs to appease the critics, yet is insufficient to tempt any of the companies to appeal to the Monopolies and Mergers Commission. That would still leave real dividend growth of 7 to 8 per cent until the end of the decade.

There is also plenty of hidden value waiting to be unearthed. Demerger of the National Grid is only a matter of time. Many of the Recs are now completely ungearred, yet the review may well leave the companies generating cash. Predators, particularly those with an advance corporation tax problem, may well be tempted to buy a Rec once the review is over. Much of the purchase price could be funded by injecting debt into the Rec or issuing long term bonds, secured on the Recs cash flows or assets. Some Recs will substantially reform their own capital structures to avoid such a fate. But either way, shareholders can only benefit. A canny bidder would act now, before prices rise.

Boost for building societies from fuel payment windfall

By David Lascelles, Resources Editor

Windfall funds received by some regional electricity companies from customers seeking to avoid value added tax are to be deposited in building societies.

The utilities hope the move will deflect criticism that mortgage rates could be driven up as households draw heavily from their societies to pay power bills in advance. Bills paid before next Thursday will not be liable to VAT.

Seaboard, based in Hove, which has received £51m in the last few days, said yesterday it was aware of a heavy outflow from the societies as householders sought to beat the VAT deadline.

Southern Electric, which has taken in £48m from 77,000 customers, will also be redepositing a portion of these funds, as will Midlands Electricity, according

to Mr Peter Chapman, its finance director.

The Building Societies Association has reported heavy withdrawals from members this month. It attributed this largely to householders trying to avoid VAT. From April 1 home fuel bills will be subject to 8 per cent VAT. Next year, the rate will be 17.5 per cent.

By last night, householders had paid in more than £400m, depriving the Treasury of about £40m in tax revenues. But the money is still flowing in, and most electricity companies said they would accept last-minute payments, provided they were made at their shops and offices.

However, it emerged yesterday that British Gas passed over an opportunity to save its 18.5m domestic customers part of the new tax.

Earlier this year Customs and Excise allowed British Gas to

assume, when next billing its customers, that they used 2.5 units of gas each day before April 1 for every one after that date, reflecting the fact that the earlier part of the billing period was colder. But British Gas will count all days the same.

The Gas Consumers Council estimated this would cost customers £23m in extra tax in the two-year transition to full VAT, and it accused the company of "meanly taking the easy way out".

British Gas confirmed that Customs had allowed the more generous weighting, but said it had come too late to be included in its preparations for the changeover to VAT.

The GCC advised householders to read their meters on March 31 to ensure that VAT would not be charged on gas used before then.

Briefcase, Weekend, Page X

Attack on cigarette industry stepped up

Continued from Page 1

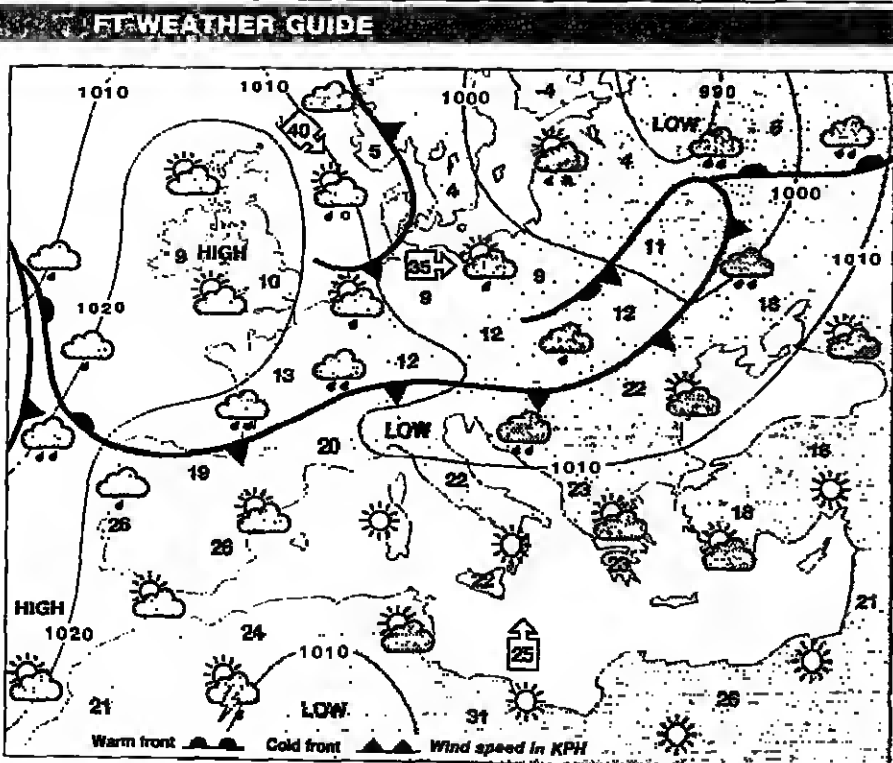
tar levels. He suggested that cigarette manufacturers were manipulating nicotine levels in their products.

He added that he was aware of no evidence that manufacturers left nicotine in their cigarettes for any reason other than addiction.

Dr Kessler's comments implicitly contradicted Philip Morris, maker of Marlboro cigarettes, which on Thursday filed a \$10bn libel suit against ABC, the US television network, over allegations of "spiking" its cigarettes with nicotine. Philip Morris acknowledges that it removes nicotine during the manufacturing process and adds it back

later, but says it puts back less than it takes out.

Tobacco companies also face a stiff increase in taxes on their products as part of the healthcare reform legislation now being considered by Congress. To pay for the cost of the reform, President Clinton has proposed increasing the cigarette tax from 24 cents a pack to 39 cents.



Europe today

Low pressure will bring cloud and rain to western Russia. The northern Balkans, Alps and southern France will be overcast with some rain. Strong north-westerly breezes will push wintry showers into northern Germany. Belgium and northern France will remain mostly dry with sunny periods. High pressure over Ireland will bring settled conditions to most of the UK. Eastern Scotland and north-eastern England will have isolated wintry showers. Showers will develop along the coast of northern Spain and southern areas will be sunny. Italy will have a lot of sun while the southern Balkans will remain partly cloudy. Northern Scandinavia and Finland will be wintry with snow showers.

Five-day forecast

A high pressure front moving east from the UK and high pressure over southern France will combine to bring fair conditions to most of central and southern Europe. Ireland will have rain on Sunday, and later in the week this will spread east to England, Benelux and northern Germany.

TODAY'S TEMPERATURES

Maximum	Minimum	Forecast	Maximum	Minimum	Forecast	Maximum	Minimum	Forecast	Maximum	Minimum	Forecast
Abu Dhabi	sun	30	Abu Dhabi	sun	30	Abu Dhabi	sun	30	Abu Dhabi	sun	30
Accra	sun	30	Accra	sun	30	Accra	sun	30	Accra	sun	30
Algiers	show	22	Algiers	show	22	Algiers	show	22	Algiers	show	22
Amsterdam	sun	10	Amsterdam	sun	10	Amsterdam	sun	10	Amsterdam	sun	10
Anvers	sun	10	Anvers	sun	10	Anvers	sun	10	Anvers	sun	10
B. Aires	sun	20	B. Aires	sun	20	B. Aires	sun	20	B. Aires	sun	20
Bangkok	cloud	31	Bangkok	cloud	31	Bangkok	cloud	31	Bangkok	cloud	31
Barcelona	sun	19	Barcelona	sun	19	Barcelona	sun	19	Barcelona	sun	19
Beijing	sun	12	Beijing	sun	12	Beijing	sun	12	Beijing	sun	12
Bombay	sun	30	Bombay	sun	30	Bombay	sun	30	Bombay	sun	30
Buenos Aires	sun	20	Buenos Aires	sun	20	Buenos Aires	sun	20	Buenos Aires	sun	20
Calcutta	sun	30	Calcutta	sun	30	Calcutta	sun	30	Calcutta	sun	30
Cairo	sun	28	Cairo	sun	28	Cairo	sun	28	Cairo	sun	28
Canton	sun	18	Canton	sun	18	Canton	sun	18	Canton	sun	18
Cebu	sun	30	Cebu	sun	30	Cebu	sun	30	Cebu	sun	30
Colon	sun	30	Colon	sun	30	Colon	sun	30	Colon	sun	30
Dakar	sun	28	Dakar	sun	28	Dakar	sun	28	Dakar	sun	28
Dahomey	sun	28	Dahomey	sun	28	Dahomey	sun	28	Dahomey	sun	28
Dallas	cloud	22	Dallas	cloud	22	Dallas	cloud	22	Dallas	cloud	22
Dhaka	sun	30	Dhaka	sun	30	Dhaka	sun	30	Dhaka	sun	30
Doha	sun	30	Doha	sun	30	Doha	sun	30	Doha	sun	30
Dubai	sun	30	Dubai	sun	30	Dubai	sun	30	Dubai	sun	30
Dublin	sun	10	Dublin	sun	10	Dublin	sun	10	Dublin	sun	10
Edinburgh	sun	10	Edinburgh	sun	10	Edinburgh	sun	10	Edinburgh	sun	10
Frankfurt	sun	10	Frankfurt	sun	10	Frankfurt	sun	10	Frankfurt	sun	10
Geneva	sun	10	Geneva	sun	10	Geneva	sun	10	Geneva	sun	10
Hong Kong	sun	28	Hong Kong	sun	28	Hong Kong	sun	28	Hong Kong	sun	28
Houston	sun	28	Houston	sun	28	Houston	sun	28	Houston	sun	28
Islamabad	sun	28	Islamabad	sun	28	Islamabad	sun	28	Islamabad	sun	28
Jakarta	sun	30	Jakarta	sun	30	Jakarta	sun	30	Jakarta	sun	30
Jersey	sun	10	Jersey	sun	10	Jersey	sun	10	Jersey	sun	10
Karachi	sun	30	Karachi	sun	30	Karachi	sun	30	Karachi	sun	30
Kuala Lumpur	sun	30	Kuala Lumpur	sun	30	Kuala Lumpur	sun	30	Kuala Lumpur	sun	30
London	sun	10	London	sun	10	London	sun	10	London	sun	10
Los Angeles	sun	28	Los Angeles	sun	28	Los Angeles	sun	28	Los Angeles	sun	28
Lyons	sun	10	Lyons	sun	10	Lyons	sun	10	Lyons	sun	10
Madrid	sun	10	Madrid	sun	10	Madrid	sun	10	Madrid	sun	10
Manila	sun	30	Manila	sun	30	Manila	sun	30	Manila	sun	30
Mexico City	sun	28	Mexico City	sun	28	Mexico City	sun	28	Mexico City	sun	28
Moscow	sun	10	Moscow	sun	10	Moscow	sun	10	Moscow	sun	10
Mumbai	sun	30	Mumbai	sun	30	Mumbai	sun	30	Mumbai	sun	30
Nairobi	sun	30	Nairobi	sun	30	Nairobi	sun	30	Nairobi	sun	30
Nagasaki	sun	10	Nagasaki	sun	10	Nagasaki	sun	10	Nagasaki	sun	10
Nassau	sun	10	Nassau	sun	10	Nassau	sun	10	Nassau	sun	10
New York	sun	10	New York	sun	10	New York	sun	10	New York	sun	10
Nice	sun	10	Nice	sun	10	Nice	sun	10	Nice	sun	10
Norfolk	sun	10	Norfolk	sun	10	Norfolk	sun	10	Norfolk	sun	10
Oaxaca	sun	28	Oaxaca	sun	28	Oaxaca	sun	28	Oaxaca	sun	28
Paris	sun	10	Paris	sun	10	Paris	sun	10	Paris	sun	10
Perth	sun	10	Perth	sun	10	Perth	sun	10	Perth	sun	10
Prague	sun	10	Prague	sun	10	Prague	sun	10	Prague	sun	10
Rangoon	sun	30	Rangoon	sun	30	Rangoon	sun	30	Rangoon	sun	30
Reykjavik	sun	10	Reykjavik	sun	10	Reykjavik	sun	10	Reykjavik	sun	10
Rio	sun	30	Rio	sun	30	Rio	sun	30	Rio	sun	30
Riyadh	sun	30	Riyadh	sun	30	Riyadh	sun	30	Riyadh	sun	30
Rome	sun	18	Rome	sun	18	Rome	sun	18	Rome	sun	18
S. Francisco	sun	18	S. Francisco	sun	18	S. Francisco	sun	18	S. Francisco	sun	18
Seoul	sun	18	Seoul	sun	18	Seoul	sun	18	Seoul	sun	18
Singapore	cloud	28	Singapore	cloud	28	Singapore	cloud	28	Singapore	cloud	28
Stockholm	sun	10	Stockholm	sun	10	Stockholm	sun	10	Stockholm	sun	10
Sydney	sun	20	Sydney	sun	20	Sydney	sun	20	Sydney	sun	20
Taipei	sun	28	Taipei	sun	28	Taipei	sun	28	Taipei	sun	28
Tel Aviv	sun	22	Tel Aviv	sun	22	Tel Aviv	sun	22	Tel Aviv	sun	22
Tokyo	sun	18	Tokyo	sun	18	Tokyo	sun	18	Tokyo	sun	18
Toronto	sun	10	Toronto	sun	10	Toronto	sun	10	Toronto	sun	10
Tunis	sun	20	Tunis	sun	20	Tunis	sun	20	Tunis	sun	20
Vancouver	sun	18	Vancouver	sun	18	Vancouver	sun	18	Vancouver	sun	18
Venice	sun	18	Venice	sun	18	Venice	sun	18	Venice	sun	18
Vienna	sun	18	Vienna	sun	18	Vienna	sun	18	Vienna	sun	18
Warsaw	sun	10	Warsaw	sun	10	Warsaw	sun	10	Warsaw	sun	10
Washington	sun	18	Washington	sun	18	Washington	sun	18	Washington	sun	18
Wellington	sun	18	Wellington	sun	18	Wellington	sun	18	Wellington	sun	18
Winnipeg	sun	18	Winnipeg	sun	18	Winnipeg	sun	18	Winnipeg	sun	18

Weekend FT

SECTION II

Weekend March 26/March 27 1994

Yes, it's true. I was a Cybervirgin

Christina Lamb lost her computer virginity to an addictive system that may well be the electronic sensation of the 1990s

On washing days, when I was young, a favourite game was to burrow inside the sheets blowing on the line, close my eyes and spirit myself to some faraway land of exotic foreign playmates.

Nowadays neither imagination nor wind-blowing sheets are necessary. Instead, late at night when real-world friends are sleeping, I make a coffee and sit at my desktop computer in Boston, US, to begin travels in the virtual world which may take me anywhere from an aid organisation in Bombay to a research station atop a volcano in Hawaii.

Across the globe, millions are engaged in heated on-line discussions of everything from politics to Elvis sightings, swapping travel or business tips, or even conducting love affairs with people they have never met. We are users of Internet, the worldwide web of computer networks and electronic message (E-mail) systems. Its proliferation looks set to be as important to the 1990s as the spread of personal computers was to the 1980s and has enormous social and political implications.

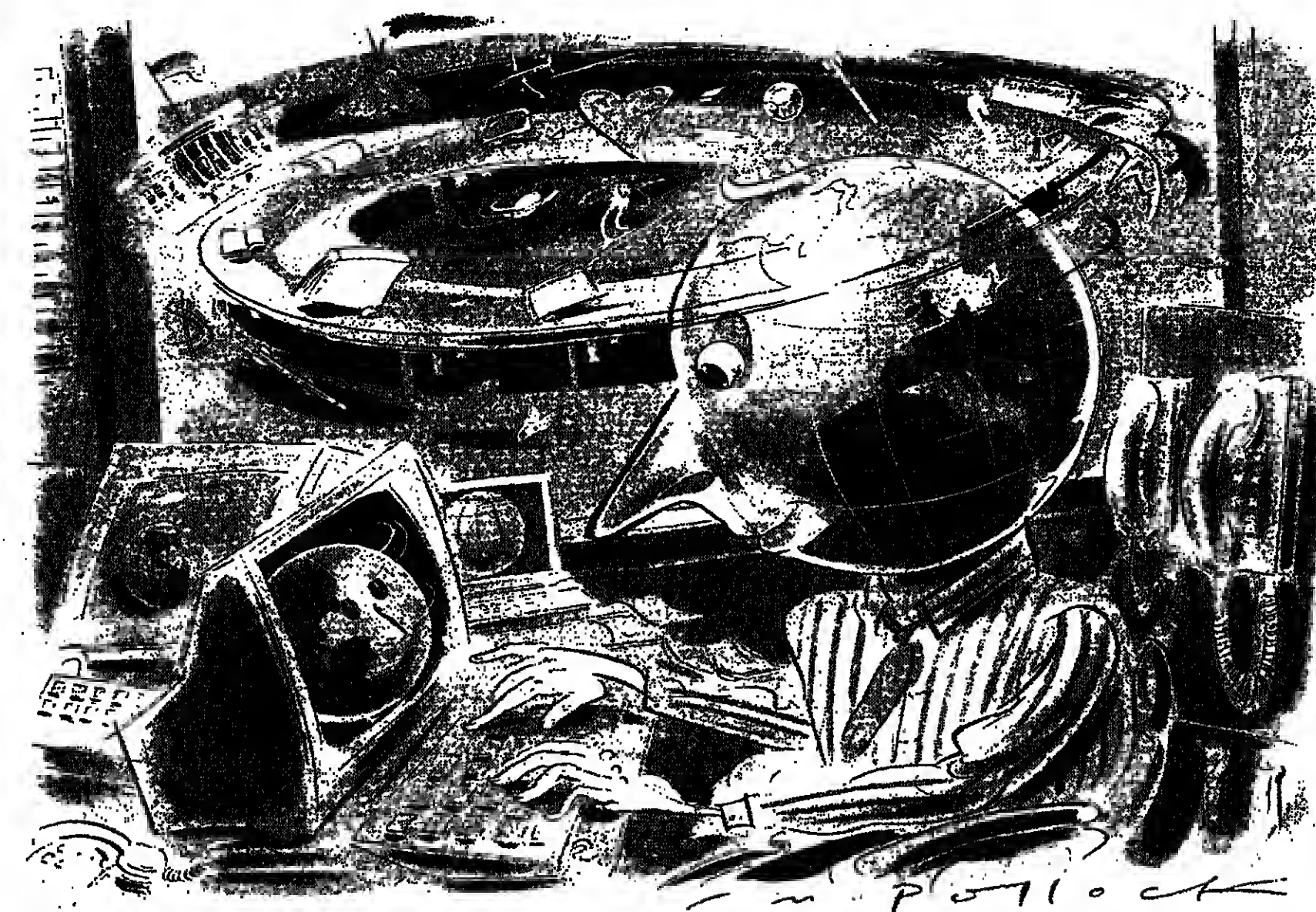
Since access opened to the public two years ago, an estimated 20m people from 80 countries have subscribed to this peculiar world with its own language, culture and rules of behaviour or "netiquette". According to figures released in December, at the Internet World '93 conference, 150,000 or more log on each month. In the US no business card is complete without an E-mail address.

In general users are not computer nerds or social misfits who prefer communicating with a screen rather than a person. They are ordinary people seeking electronic soul mates to meet on-line without barriers of racism, sexism or age, without facing crime on the streets, and with whom they can form a community to compensate for the fragmentation of family and society. In *The Virtual Community*, Howard Rheingold writes of the phenomenon: "Perhaps cyberspace is one of the informal public places where people can rebuild aspects of the community lost when the small shop became an out-of-town mall."

While taking part in the world's largest ongoing conversation may make people feel good and enable them to learn about other cultures and garner information, the implications are far larger. A system that gives direct access to an educated population equivalent to more than twice that of Portugal and multiplying, clearly has tremendous political and commercial potential.

Internet advocates believe its spread will boost grassroots participation in public policy. Rheingold describes it as an electronic Agora, the marketplace in Athenian democracy where citizens met to debate. President Bill Clinton, the first head of state to go on-line, says increasing electronic access between the public and the administration will revitalise citizen-based democracy.

All White House press releases and proposals are fed into the system and the administration aims to provide computers



in libraries, town halls and shopping malls from which people can vent their views. Vice-president Al Gore has even held an Internet press conference.

Sitting at the keyboard and messaging the US President gives a sense of empowerment which some find overwhelming. At the Computer Museum in Boston, where an exhibit allows visitors to send E-mail to Bill, I watched one voluble character rendered wordless at the keyboard, typing only "Dear Mr President, How are You? Geoffrey". Of course, Clinton is not sitting at his screen personally replying to the 1,000 E-mail messages he receives each day but White House officials insist that everyone gets a reply "after appropriate consideration".

Democrats are not the only ones to spot Internet's potential. The Republican Party executive went on-line last month with an electronic newsletter and instant rebuttals and counterproposals to Clinton speeches.

Marty Connors, director of the Exchange Foundation, a Republican think tank, has elaborated a plan called Govern-Net to improve governance by enabling mayors in different cities to swap ideas and giving people direct access to party bosses.

He envisages Internet becoming an essential part of election strategy. "I see it as perhaps the political tool of the future - at least as important as mailshots and 'phone campaigning. The idea of reaching households directly with my message unfettered is very attractive." A council officer in Sunnyvale California was elected after campaigning almost entirely on Internet.

Others are less convinced of the benefits. Samuel Huntington, director of the Olin Institute, at Harvard University, warns: "We are in danger of creating a two-class society - those who are part of

the information technology revolution and those who are not. Can you train a whole society to be computer literate?"

For those with access to a computer and modem getting on to Internet is fairly cheap - less than \$20 (£13) a month for an hour a day in Europe and North America. But it is about as user-friendly as the roads in Birmingham's Spaghetti Junction and first steps in cyberspace can be daunting. In his book *The Whole Internet*, Ed Kroll compares it to "grabbing a handful of Jello - the firmer your grasp the more oozes down your arm".

Internet has three main uses. The first is E-mail - electronic messages that are far cheaper than long-distance telephone calls and faster than the post (or small-mail as Net users call it). Second, it functions as a public bulletin board on which one can read and post messages in 2,500 discussion groups on everything from out-of-body experiences to the best way to clean an

aquarium. There are groups of subjects under eight main headings such as "alt" for alternative, "biz" for business, "comp" for computer-related matters and "rec" for recreational activities. It is like being able to wander into a series of pubs in which conversations are underway - except this one never closes. Finally, Internet can be used to retrieve information from distant locations. That day's Supreme Court rulings, the *Encyclopaedia Britannica* and the complete works of Shakespeare are all on-line; satellite weather maps or entire books can be downloaded in minutes.

The only way to start is to dig in. A cybervirgin, I had been impressed by a cocktail economist with a graduate student of economics at the Massachusetts Institute of Technology. He told me that he had posted questions from a tough take-home exam on the Net and soon had economists the world over working on the solutions, earning him top marks. So when

my mother told me she would like a CD for Christmas of Bach's *Concerto for 2 Violins*, I hit the "cc" button late one night to mail a message into "rec.music.classical", asking for suggestions of the best recording. When I signed on the next morning I had 40 suggestions - unfortunately all different.

Inspired by this success, I trailed through and found I could get all the latest news from Latin America - where I lived until recently - follow scandals in the beleaguered Conservative government back home in the UK or read about the hottest jazz clubs in New York. For a while I was a passive wanderer, enjoying other people's exchanges such as those in "alt.fan.british.accent" where British users tried to explain to a man from Illinois how his ancestors from Bedford would have pronounced words such as "mirror". Another favourite is "alt.good.morning" which tries to brighten the day. Wednesday's mailings included a poem, a warning from a Finnish user not to walk on the ice to catch fish, some lyrics from rock band The Cure and a riddle about the number of people with more than two arms.

Growing more cyberhappy, I began posting, particularly after discovering the intriguing "alt.history.what if" group which discusses issues such as what would have happened if the south had won the Civil War in the US. To compensate for the absence of body language various conventions have developed. Laughter is represented by :) while :- means the author got out of bed the wrong side. Writing in capitals is the Net equivalent of shouting.

Soon I was experiencing my first electronic pick-up line from an "aspiring actor in California wishing to discuss Arthurian legends". It began: "I am 6ft with curly golden hair and drive a red Corvette." The Internet is full of people hoping to discover E-mail love.

David Weinstein, a 32-year-old software designer from Boston, was using the Net to keep up with developments in his business when he came across "alt.personals" - the electronic equivalent of pasting love letters on a public notice board.

He says: "I was lonely and having difficulty meeting Jewish girls so I placed some ads. It seemed very public so I made them anonymous. That didn't work so I sent some stories about dating."

His stories attracted the attention of Michele Schneiderman, a 29-year-old teacher from Columbus, Ohio and, four months later, they were sharing a cabin on a Caribbean cruise.

Not all E-mail love stories have happy endings. A notorious Frenchman posed as a woman on-screen, carrying on a series of Net-romances before being exposed.

For many their desktop screen has become a shoulder to cry on. Forums have evolved for AIDS and cancer sufferers, for those undergoing divorce and victims of rape or abuse. One user told me: "Internet saved my marriage by being able to talk to others in the same situation."

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The Long View / Barry Riley

Doomsters' delight



Last August, a fictitious guest contributor to this column called Dr Mort Duham set out a scenario in which the global bull market, based upon unlimited and cheap (3 per cent) credit from the US Federal Reserve, would unravel. "Within the next few months, I anticipate a meltdown in which the Fed will turn down the tap, but money will panic out of bonds, and stock prices will become value-based and not liquidity-driven," he said.

Since the end of January, this sequence of events has indeed been unfolding. This week, the Fed added the second quarter-point to short-term dollar rates and there is no logical stopping place until we get to the 4½-5 per cent range, at least. Long-dated bond yields have surged everywhere and, in the US, Japan and the UK, are more than a percentage point above last year's lows. We have seen repeated waves of so-called stop-loss selling as bonds have been dumped at ever-lower prices. We may soon have to call this a bond market crash.

The vulnerability of the equity markets has varied, however. We can deduce that the speculative hedge funds took aggressive positions in emerging markets and in certain European markets (especially the UK, 12 per cent off its peak) but not in the US or Japan.

There are real Dr Duham's that I know about in the US, Germany and Hong Kong. His closest equivalent in London is Stephen Wheeler, of broker Greig Middleton. He says financial markets have seemed to have huge liquidity but actually will be shown to be hugely illiquid.

New figures for the UK investment institutions shed some light on how the global surge in liquidity affected the domestic markets in 1993. At the begin-

ning of the year, there were worries about how investors would be able to cope with the demands being made upon them, especially by the government - which, in the event, sold \$52bn of gilts, net of redemptions, in 1993 compared with £28bn the year before.

Yet, the huge volume of paper was actually absorbed very easily in 1993. First, there was a surge of money into unit trusts, investment trusts and the roughly equivalent lump sum products of life assurance companies. This happened largely because the fall in short-term interest rates made savings deposits less attractive. In the fourth quarter, the inflows into these institutions, at £11.6bn, were 86 per cent higher than in the same period of 1992.

Second, overseas investors were active on an unprecedented scale in the gilt market, buying £14bn worth in 1993 compared with just £2.3bn in 1992. Domestic institutions actually slightly reduced their gilt purchases and, instead, went on a spending spree in equities, buying £17bn of shares in the UK and £10bn overseas.

You do not have to be a Dr Duham to ask what will happen now if the distressed foreign investors stop buying - or, worse, turn sellers (they sold \$4bn of gilts in 1990, for instance) and create a black hole of, say, £20bn in the flow of funds equations. Fortunately, the British government might not need to sell more than about £35bn of gilts this year. And the Bank of England is preparing already for the change of conditions by switching its attention to the banks, which next week will be offered £2.5bn of floating rate gilts.

But patching over the new-issue gap will not be a complete answer. This year, the long-term sterling interest rate will be set primarily by domestic investors, not by foreign hedge funds. There will also be consequences for the short-term rates. Britain's balance of payments' deficit of £10.7bn was, in effect, financed in 1993 by foreign bond buyers, but it is likely that short-term hot money will need to be attracted

instead this year, perhaps by higher money market interest rates.

The international background could turn difficult. Warburg Securities has calculated that American banks and individuals have invested \$650bn in dollar bonds since 1990. They look fully committed now. There have also been substantial investments in European bonds. Although UK government borrowing is beginning to fall, this is not true for European countries generally.

Wheeler argues that the 1993 bond market boom was a bank-financed bubble, much on the lines of the late 1980s property boom. Commercial property yields in the UK fell to about 5.5 per cent in 1993, but soared to 8 per cent by 1992 as the market crashed. More recently, yields have declined again as the overhang of unsold and bankrupt property has been mopped up gradually by long-term investors.

In the bond market, events could be expected to move much faster because paper can be shuffled much more quickly than office blocks. In both cases, the transition would be from a situation in which the market was dominated by buyers seeking short-term capital gains, to one in which long-term property has been mopped up gradually by long-term investors.

What might long-term UK interest rates rise to? Pension funds are the largest group of UK institutions. Out of their roughly £450bn of assets, only about £13bn at present are fixed-interest gilts. Pension schemes need a rate of return of 4 or 5 per cent over prices to meet their long-term objectives. At present, the inflation rate implied by the gap between index-linked and fixed-interest yields is more than 4 per cent. So, fund managers might be looking for 8½ to 9 per cent yields. But other buyers, such as insurance companies, may settle for a bit less, depending on the inflation outlook. Already, long gilt yields are close to 8 per cent. They are likely to overshoot, then bounce back.

In these conditions, the market can become hazardous. Dr Duham could be quietly enjoying himself, though.

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* Source: Morningstar's published prices for the International Accumulation Managed Currency Fund. Since October 1990, when the fund was launched, it has achieved a total return of 100.0% (net of charges). The fund's performance is measured against the MSCI World Index. The fund's performance is measured against the MSCI World Index. The fund's performance is measured against the MSCI World Index.

MARKETS

London

Why tea and sympathy won't do

Roderick Oram

King Edward VII said of the man who gave London four corner houses serving 50m teas a year: "I like Joseph Lyons because he feeds people well."

Allied-Lyons, the caterer's heir but more interested in booze than tea, said on Thursday it was changing its name to Allied Domecq once it completes its £739m purchase of Pedro Domecq Group, the Spanish drinks business.

Dropping the evocative Lyons name merits only a footnote in history yet it coincided with a significant shift in perceptions about London markets. Many investors who thought a little tea and sympathy would nurse the markets through their six-week malaise now subscribe to a gloomier prognosis.

A sharper rise in inflation and a bigger current account deficit than forecast in the UK coupled with a further hike in interest rates in the US hampered UK equities, gilts and

sterling this week. Any residual hope of an imminent UK interest rate cut now hinges on political expediency; the economic rationale has largely evaporated.

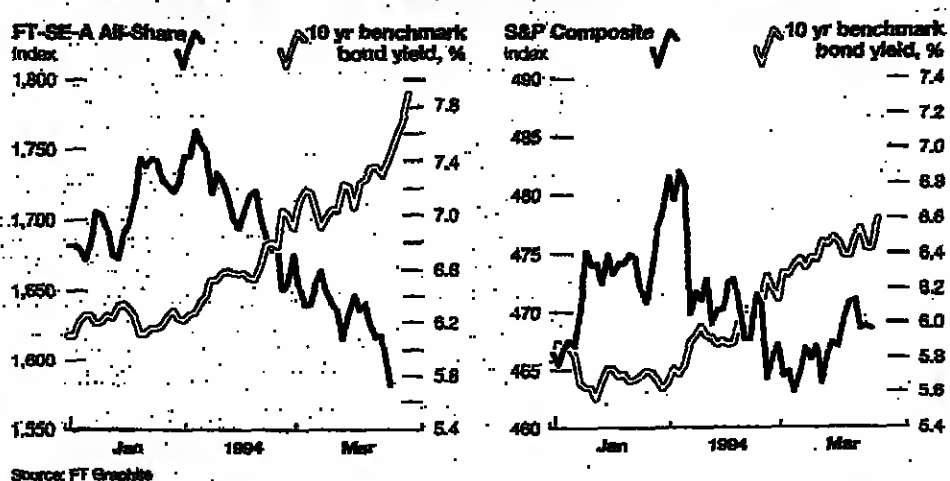
In fact, the next move in interest rates might well be up, a growing number of analysts believe, reversing the swooping decline from 15 per cent in October, 1990, to 5.25 per cent today which had driven the stock market rally.

Apart from feeble flurries on Tuesday and yesterday, equities retreated rapidly. The FT-SE 100 index closed down a net 81.1 points, or 2.8 per cent, on the week at 3,129.0. Gilts, ridden by interest rate worries, were the main culprit.

The price of the long gilts future contract lost a further four points to 105, taking its decline since the beginning of the year to about 12 per cent. The 10-year benchmark gilt price fell three points to 92. Sterling weakened as well, taking its decline against the D-Mark to some 5 per cent since January 1.

The 10-year benchmark gilt price fell three points to 92. Sterling weakened as well, taking its decline against the D-Mark to some 5 per cent since January 1.

Monetary medicine: London rejects it...New York accepts it



The disturbing inflation figure was the 0.6 per cent rise in the retail price index during February, against forecasts of 0.4 per cent. The underlying annual rise, minus mortgages, was 2.8 per cent, against forecasts of 2.6 per cent.

The trade figures were, however, more damaging because of the export and import trends they imply. The current account deficit grew to £2.8bn in the fourth quarter of last year from £1.8bn in the third. Looking at non-EU trade, imports grew by more than 1 per cent a month in the three months to February to a record level while exports showed no growth over the period.

Among the more trenchant analysts, UBS claimed its research showed that the deficit could be double the official figure. "If our suspicions about the true external position are correct, Britain's recovery is

built on sand more friable and shifting than we had ever imagined."

The UK's recovery, although the best in Europe, is lagging about a year behind the US's. Yet, UK markets have fared far worse than New York markets since the Federal Reserve Board first raised US interest rates seven weeks ago and gave them another nudge up on Tuesday.

The US economy is growing rapidly with no signs of pricing pressures. The Fed, has tightened, however, as a pre-emptive move against inflation. The US markets have accepted this. As the chart shows, bonds are stabilising and equities have recovered from their post-tightening low in early March.

With UK markets deeply unsettled by the Fed and other factors, bond yields have continued to rise and stocks to fall. Two factors at least are likely to prolong this agony.

First, the increasing doubts over inflation and growth in the UK. Second, the Fed will be tightening more. It says it is moving from an easy to a neutral monetary stance. If US inflation is jogging along at about 2.5 to 3 per cent, that implies short term US interest rates could rise to around 4 or 5 per cent from 3.5 per cent currently. Given London equities' reaction so far to that regimen, it is hard to imagine them staging a rally.

While the equity markets had enough broad-based concerns as it was this past week, five leading stocks added some specific headaches. Shares in Glaxo fell 8.7 per cent. Wellcome 5.8 per cent, Allied-Lyons 7.8 per cent, Bowater 8.6 per cent, and Kingfisher 6.6 per cent.

Glaxo was hit by news of a competitive threat to its money-spinning Zantac ulcer drug. A Ciba-Geigy subsidiary has applied for US approval for a variant which would evade Glaxo's patent protection as early as next year.

Wellcome's interim results showed a marked slowdown in growth of sales volume and a 16 per cent drop in the sales value of Retrovir, its Aids drug. This was coupled with news of a drug withdrawal. A 75 per cent increase in interim dividend to 8.6p failed to halt the slide.

Bowater reported a 44 per cent increase in 1993 pre-tax profits to £212m and a 13 per cent increase in annual dividend to 12.5p. But it talked of difficulties in European packaging and printing markets, leaving investors feeling its defensive virtues in a recession were a liability in a recovery.

Kingfisher turned in a 51 per cent increase in annual pre-tax profits to £309m but a lot of that growth came from Darty, its French acquisition. Operating profits from its UK retailing operations such as Comet, Woolworths, B&Q and Superdrug fell 3 per cent. Its new policy of Every Day Low Pricing has yet to show through in profits.

As for Allied-Lyons, the combination of a £651m rights issue, the £739m purchase of Domecq and the forecast of only a £10m increase to £630m in pre-tax profit pre-tax profits for the year ending this month left investors cool.

But perhaps they will swarm to Domecq's virtues. After all, it has the first and third largest brandy brands in the world, a far more potent product than Mr Lyons' tea.

Serious Money

Fixed rates: hurry while stocks last

Gillian O'Connor, personal finance editor

Short-termism is one of the curses of the investing classes. So, it is doubly satisfactory to find a financial decision which makes sense on both a short and a longer term argument - and truly satisfactory when it is one open to millions of ordinary people. For all we are talking about is an ordinary fixed-rate mortgage.

Let us start with the short-term arguments. Fixed-rate mortgages became popular more than a year ago as homeowners came up for air after several years of sky-high loan rates.

Estimates are that half to three-quarters of all new mortgage business is at fixed rates. And while interest rates hit the floor at the beginning of February, even after their recent rise you can still get a mortgage fixed for five years at around 7.5 to 8 per cent.

But hurry while stocks last. Prices of gilt-edged securities have been tumbling rapidly in the past few days. Fixed-interest mortgage rates are linked to gilt yields. Thus, some of the present mortgage offers could be withdrawn soon.

Indeed, it is happening already. The Woolwich has altered its rates for five-year fixed-rate mortgages twice in the past 10 days: from 6.95 to 7.45 per cent, and on up to 7.99 yesterday. (See page IV for more details of existing offers).

While rates remain as low as 8 per cent, you have the pleasant anomaly that you are paying much the same as you would for a variable-rate mortgage. Fixed money normally costs more.

That is an argument that will appeal even to the deeply myopic. Far more important is the outlook for interest rates over the next few years.

UBS Phillips and Drew, for instance, is expecting base rates virtually to double to 10 per cent by the end of next year, which suggests that even variable-rate mortgages could be back over the 11 per cent

mark. So much for the brave new non-inflationary world of the 1990s.

Of course, not everybody agrees with that estimate. But it is hard to find anyone who thinks that interest rates can go significantly lower even this year, and most agree that any further dip will be very short-lived. So, that leaves very little to go for on the downside and lots of risk on the upside.

For new borrowers, the arguments in favour of a fixed rate are pretty conclusive. They appear to be balanced more finely when it comes to trading in your existing mortgage for one with a fixed rate.

Re-financing normally costs around £1,000 by the time you have paid the clutch of different charges that keep the financial services salesman so sleek. Thus, rates need to rise to make the switch worthwhile. The higher they rise, the sooner you will cover the switching costs.

But there is another deterrent to consider. Most fixed-rate mortgage lenders have substantial penalties for borrowers who want to pay off their loans early. So, fixing your mortgage too far into the future could prove almost as expensive as failing to fix it at all.

The long-term arguments are more debatable and will not appeal to those who enjoy the thrill of outwitting the markets. They come down to the old truism that to finance a long-term asset with variable-rate money leaves you vulnerable to the whims of the market.

Assuming your income is relatively stable, why not fix this major chunk of your outgoings as well? After all, around 250,000 people whose homes have been repossessed can testify that the whims of the market can prove extremely painful.

At this time of the year, the most unlikely people start asking for financial advice. Even journalists, FT readers, being less feckless, undoubtedly have done all their year-end tax planning already.

Our detailed advice was published on March 12. But for those of you who have spent the past few weeks on Mars, here is a brief recap of some of the main points to check before April 5.

Pre-paying fuel bills before VAT comes in on April 1. This is levied at 8 per cent initially, rising to 17.5 per cent in a year's time.

If you can afford the outlay, it makes sense to pay now for some of the fuel you expect to use. Electricity, gas and oil companies all have arrangements helping you to do so. (See Briefcase on page X and Weekend FT March 19).

Capital gains tax planning. This is going to be relevant to an unusually large number of people this year, thanks to the strong rise in stock markets over the past 12 months. The basic aim is to ensure you make full use of your £5,000 tax-free allowance, since it cannot be carried forward. (See CGT, page VIII).

Personal equity plans (PEPs). You can shield up to £9,000 of investments from both income and gains tax each year. Administration costs sometimes cancel out the income tax savings in the early years of a PEP, and they are less useful to people paying only the basic rate of tax. But, longer term, the protection from CGT is well worth having. And if you have investments already, a PEP is well worth considering. (Our survey was published on February 26).

Making additional voluntary contributions to pension schemes. You need to get your contributions in by April 5 if you want tax relief against your income for 1993-94. If, however, you expect a pay rise which would take you into a higher tax bracket next year, it could make sense to hold fire.

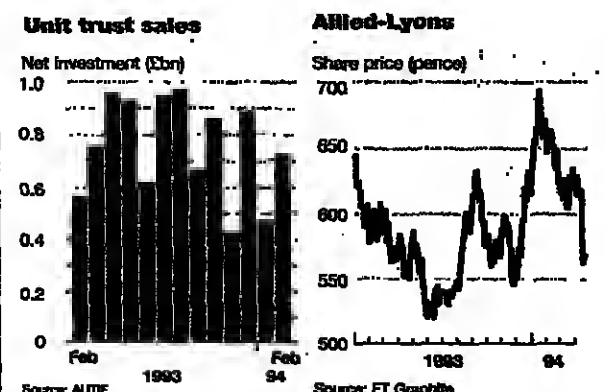
HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993/94 High	1992/94 Low	
FT-SE 100 Index	3129.0	-81.1	3520.3	2737.6	Base rate uncertainty
FT-SE Mid 250 Index	3775.2	-90.4	4152.8	2876.3	Overshadowed by blue chip activity
Allied-Lyons	568	-48	697	517	Domecq acquisition
Bowater	448	-42	524	402	Margin pressures
Cadbury Schweppes	474	-25	545	407	Rights issue fears
Carlton Commis	901	-62	1047	520	Nonura downgrade
Glaxo	625	-58 1/2	801	509	Zantac concerns
Kingfisher	550	-39	793	496	Strategic worries
Lucas Inds	185	-24	239	126	Profit downgradings
Mowlem (John)	109 1/2	-6 1/2	190 1/2	62	563m rights issue
NetWest Bank	458	-27	634	398	Acquires Citizens First
P & O Delt	708	+30	728	504	Figures ahead of expectations
Rank Org	399	-19	447 1/2	254 1/2	Consumer spending fears
Wellcome	572	-55 1/2	993	549	Disappointing sales growth
Wembley	9 1/2	-4 1/2	22	8 1/2	Property write-down fears

AT A GLANCE

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Savers abandon building societies for unit trusts

Money continued to pour into unit trusts as savers deserted the building societies last month. Net sales of unit trusts rose to £722.4m last month, £530m of which was private investors' money, according to the Association of Unit Trusts and Investment Funds. Meanwhile, the Building Societies Association reported a net outflow of £404m in February.

Among the most popular unit trust sectors were the five PEP-qualifying UK equity sectors, which attracted £335m between them, illustrating the rush to use up PEP allowances before the tax year ends. International growth funds were also popular. The unit trust industry had £98.9bn under management at the end of February.

The marketing drive is set to continue as more funds are still looking to pull in new money - see table on page X.

Allied-Lyons to change name

One of the biggest deals of this year was announced by drinks and foods group Allied-Lyons, which is paying £740m for control of Pedro Domecq group, the Spanish drinks producer. Allied is to finance the purchase with a £651m rights issue, and plans to change its name to Allied Domecq, dropping the name of J Lyons.

GM card offers new option

Vauxhall's GM Card holders, who can earn points towards a rebate on a new Vauxhall car or van, can also take part in a new scheme to benefit company car drivers. Any user/chooser who drives a Vauxhall, or is planning to switch to one, will be able to swap points earned with spending on the card for vouchers useable in some high-street shops. Points worth up to £500 can be built up each year, for a total of up to £2,500 over five years. There is a redemption fee of £15 every time points are swapped for vouchers. However, this option is only available for company car drivers, unlike the rival Ford Barclaycard, which gives all card holders the choice between a rebate on a car or consumer goods and leisure breaks from a catalogue.

Smaller companies suffer further

The Hoare Govett Smaller Companies Index (capital gains version) was down again last week, by 2.3 per cent to 1770.29 over the week to March 24. Over the same period the FT-SE A All-Share index fell 3.6 per cent. Since the beginning of the year the Smaller Companies index has dropped by 5.2 per cent, the All-Share by 5.3 per cent and the FT-SE 100 index by 7.9 per cent.

Wall Street

A week to satisfy the gloomiest Jonahs

Rising interest rates, fresh revelations in the Whitewater affair, an assassination in Mexico and the threat of war between the two Koreas: this week's news was bad enough to satisfy the gloomiest pessimist. No wonder shares on Wall Street took a tumble.

Yet, the surprise was not that the Dow Jones industrial average fell 75 points in four days of trading. It was that share prices did not fall further. After all, this is a bull market that has looked vulnerable ever since the Federal Reserve reversed five years of policy in early February by raising short-term interest rates from 3 per cent to 3.25 per cent.

Just before the Fed acted, the Dow was flirting with 4,000 and the Standard & Poor's appeared headed implacably for 500. Since then, the two indices have not looked like getting near those landmarks again. Every time the market has taken a step forward, something has sent it two steps back.

More often than not, that something has been another

rise in bond yields. These have been rising because, in spite of statistics and analysis which suggest the contrary, investors in Treasury bonds are convinced that the recent rapid pace of economic growth will eventually feed through into a rate of higher inflation later this year. While stock market investors are more sanguine about the inflationary threat, they have been unable to ignore the depth of bond market concern, or the potential impact on equities.

Consequently, share prices have been stuck in limbo over the last two months. Almost everyone agrees that since the Fed raised rates, stocks were unlikely to be heading much higher in the near future.

At the same time, there has been a growing apprehension on Wall Street that the market was becoming increasingly unattractive to investors. The sort that might be triggered by a nasty and unforeseen external shock.

Surely this week provided an ample supply of those? Yet, there are good reasons why the markets ultimately handled them so well.

Retail lore has it that Sir Geoffrey Mulcahy, chairman of the Kingfisher retail group, even has a yacht called No Comment. A shy, diffident man, he is an unlikely-seeming retail guru.

That role was thrust upon him, however, after his skillful piloting through the 1980s' boom of what was then called Woolworth Holdings. And people listened when he began talking about the need for a new retailing approach in the low-growth 1990s, involving lowering margins to drive sales volumes and increase market share.

Mulcahy's most recent coup was the £1bn takeover last year of Darty, France's largest electrical retailer and one of Europe's best.

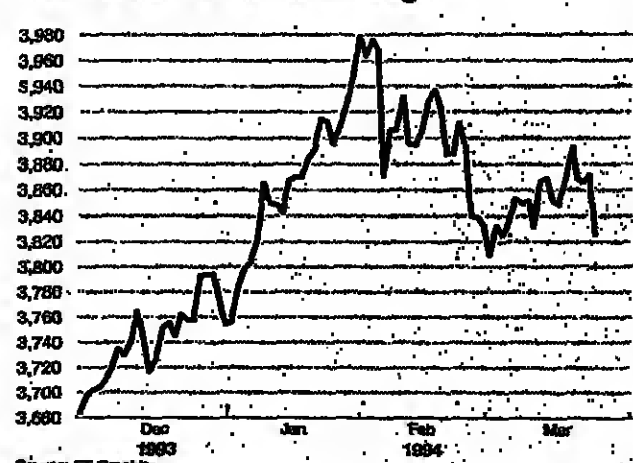
Unfortunately, the reluctant guru's "halo has slipped," as one retail analyst put it. By the time Kingfisher announced its results this week, its shares - long star performers of the stores sector - had dropped 22 per cent since a disappointing trading statement in January raised fears that Kingfisher's Everyday Low Pricing (EDLP)

strategy was not working. And since the results on Wednesday, its shares have dropped a further xpp, closing at xxxp yesterday.

That must be irksome for a company which produced a 51 per cent rise in pre-tax profits for the year to January 29 from £204.8m to £309.3m. But the profits increase largely was down to a £79.2m contribution from Darty, a rise in the contribution from the group's property arm from £8.1m to £43m, and a smaller than expected interest charge of £7.6m.

Profits from UK retailing actually fell, with three of Kingfisher's four main chains reporting a decline. Only B&Q, the D-I-Y chain, showed a narrow increase. That is disappointing given that B&Q, Superdrug and Woolworth all enjoyed increases in like-for-like sales, which exclude new stores. The point is that as

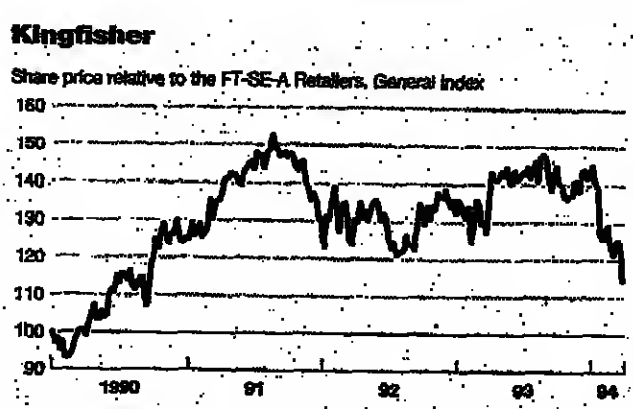
Dow Jones Industrial Average



Taking take them one by one, the rise in interest rates was hardly unexpected, although once again the exact timing of the move caught the markets by surprise. On Tuesday, the Fed's Open Market Committee was in session. But, contrary to the expectation that the FOMC would sanction a rate increase, the Fed intervened in the bank lending market just before

The Bottom Line

Kingfisher's muted song



margins have been trimmed as part of the everyday low pricing strategy, sales have increased - but not enough to compensate for the gross margin sacrifice.

Sir Geoff insists EDLP is a long-term process and the sales volumes will come through

policy tightening from the Fed had already been priced into stocks and bonds, so the rush of buying was mostly an expression of investors' relief that the dirty deed was done.

If the markets took the Fed rate increase in their stride, they were less assured in their reaction to the latest developments in the Whitewater affair. On Thursday, President Clinton announced he would hold an evening press conference to counter some of the more serious allegations. But nerves were further shaken when a leading Republican in Congress claimed he had new evidence on Whitewater damaging to the president.

Ultimately, however, neither the president's briefing, nor the congressman's supposedly damaging revelations, appeared to advance the story much further and, by Friday morning, the markets had moved on.

As for the two international shocks of the week - the assassination of Luis Donaldo Colosio Murrieta, leading candidate in the upcoming Mexican presidential election, and growing tensions on the Korean peninsula - were disturbing, but were not enough to undermine investor sentiment seriously.

Of the two, Korea has the greater potential to disrupt sentiment in the future, particularly if extra US military forces have to be sent to the region. The situation in Mexico, however, created more initial problems for US markets. Yet, while the death of Murrieta, coming so soon after the peasant uprising in Chiapas, reinforced the image that Mexico was wired in a phase of political instability, it did nothing to alter the economic and investment fundamentals of the country.

Once the initial shock of the assassination passes, US markets should be able to concentrate on more pressing concerns at home: inflation, rising interest rates, and an economy that may be growing too fast for its own good.

Patrick Harverson

Monday 3884.25 - 30.80
Tuesday 3882.55 - 30.30
Wednesday 3869.46 - 08.51
Thursday 3821.03 - 48.37
Friday

There is also more progress to be made in exploiting the synergies between Darty and Comet, and bringing the latter chain up the standards of the former.

Looking further ahead, some analysts are enthusiastic about the prospects for B&Q Warehouses (previously called The Depot), the 100,000 sq ft D-I-Y giants Kingfisher is developing.

The benefits of these developments, like those of EDLP, will take time to come through. Although Kingfisher's shares now look cheap, anyone contemplating buying them may need large reserves of patience.

But, concluded one analyst yesterday: "Kingfisher still has an excellent track record of both earnings and share price growth. Shareholders might be foolish to sell them at this level."

Neil Buckley

FINANCE AND THE FAMILY

Risks – but rewards, too

Avoid emerging markets and you will lose out, says Gillian O'Connor

The new Aztec fund is using shots of a nappy factory in Mexico City to plug the solid merits of Latin American investment. Indeed, Mexico is seen widely as one of the safest and most stable of the emerging stock markets. But even Wall Street was shaken by the assassination on Wednesday of the country's presidential candidate. Safety is a relative concept.

This year has been proving tough already for investors in emerging markets. Most have jerked into reverse, with some spine-chilling individual movements. Turkey, for instance, is less than half its level at the beginning of the year. But while emerging markets are different and dangerous, they are likely to be a permanent feature on the investment scene. Anyone who avoids them entirely will lose out in the long term.

What are emerging markets? No definitive list exists although there is a hard core of countries which most investors would agree warrants the label. Some people include all countries with economies that are relatively undeveloped but starting to sprint. Others allow only those with markets mature enough to absorb – and welcome – foreign investment.

Most of the hard-core countries are in south-east Asia (the Pacific rim) and Latin America. India has just joined the list because political and economic change has opened it recently to direct and indirect investment. Hong Kong and Singapore, both relatively mature, are honorary members because international investors have been using them as a proxy for China.

What is the background?

Economic growth in the developed countries was slowing, even before they were poleaxed by the recession, and economists reckon the rapid expansion in the other parts of the world is more than a temporary phenomenon. The collapse of communism in eastern Europe, and China's lumbering re-birth, have altered dramatically the balance of the world economy. Both the economies and the stock markets of the developing countries are expected

to have a much larger chunk of the world total by the end of this century.

Investment managers in the developed countries, notably the US, are trying to ensure that the funds they run share in the explosive growth of some of these nascent economies. Stock markets in most of the countries are relatively immature, but western investors have been pouring in money as fast as the markets could absorb it.

Our chart shows how the flow accelerated in 1993. Many of the markets rose almost vertically, and companies which had seemed bargains to western investors began to look much pricier. So, the investing institutions ranged ever wider. When many of the Pacific rim stock markets had doubled, the institutions switched their attentions to Latin America, long regarded as an also-ran in the economic stakes. Last year, it hardly mattered which market you bought or what individual stocks. This year, after a sharp setback in most markets, investors need to be more selective.

Anxiety that China is overheating, despite endeavours to damp it down, overshadow the Pacific markets that depend on it. And countries linked to the dollar may have to pull in their own belts as US rates rise. But investors need also to weigh up factors as disparate as stock market liquidity and political stability. Emerging markets are not all equal. Buying the right stocks will be important.

Is this a good time to buy? Probably not. Securities firm BZW suggested last year that its clients should have a relatively high investment in emerging markets. BZW is now "neutral".

One worry is that the tide of US money could ebb as rapidly as it flowed if US interest rates become more attractive – or even in sheer funk. If this were to happen, the impact on some markets could be dramatic. Prices would tumble as rapidly as they rose, and investors might in many cases find it hard to get their money out.

But that does not mean that anyone with money already in should get out. The higher risk/reward pro-



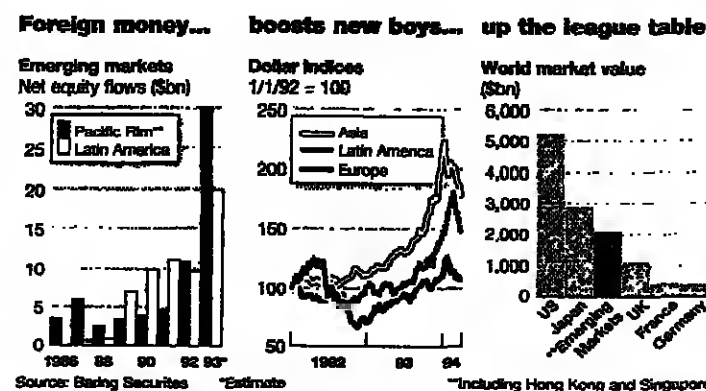
file of emerging markets makes them an even longer-term investment than elsewhere.

How to invest Your long-term strategy should depend on who you are. If you are an affluent, footloose expatriate with no local loyalties, you might have as much as 20 per cent of your equity portfolio in emerging markets. If you live in the UK, around 3 to 8 per cent is probably the most you should consider. Indeed, anyone nearing retirement and who cannot afford high risk should shun them altogether.

Direct investment in shares in emerging markets is not for the amateur. It is, however, possible to buy shares in companies which do business with emerging countries and should benefit from their growth. Infrastructure, telecoms and power generation are a priority. So, buying shares in companies such as GEC or Cable & Wireless is an indirect way of joining the boom without taking on the risks associated with the local stock market.

If you are investing through unit or investment trusts, the vehicle you choose will affect the overall riskiness of your portfolio. Generally speaking, global funds, which can invest anywhere in the world, should be less risky than regional funds, and much less risky than single country funds.

But what if you want to increase your risk/reward profile? A more closely-targeted fund is one way. Another is to choose an investment trust which uses borrowed money or to buy investment trust warrants. In both cases, the market price of the security exaggerates movements in the asset value of the underlying shares.



Trusts offer the best way in

For most investors, the only practical way of investing in emerging markets will be through a unit or investment trust, write Scheherazade Daneshkhu and Bethan Hutton.

Arguably, unit trusts have a potential disadvantage compared with investment trusts. Since a unit trust is an open-ended fund, the manager may find himself having to sell holdings quickly to meet redemptions if performance falters and investors want to liquidate their holdings. But this could be tricky in emerging markets which are relatively illiquid.

Investment trusts do not have this problem. Instead, the trust might fall to a deep discount if the fund or the countries in which it invests become unpopular.

Unit trusts for the global emerging markets are to be found in the crowded international equity growth sector. The top performer over three and five years to March 1 is an emerging markets fund: Prosperity Emerging Markets. This has returned growth of 283 per cent over the five-year period. City of London Emerging Markets is another in the top four funds for the same periods (HSW; offer to bid, net income re-invested).

Investors preferring an investment trust have seven general emerging market funds to choose from: Abtrust, Beta, Fleming, Foreign & Colonial, Govett, Kleinwort, and Templeton. A few months ago, most were looking very expensive, with shares standing at substantial premiums to net asset value. But the reversals in many emerging markets, and a change in sentiment in the UK, have made them more affordable.

Willing risk-takers may be interested in the handful of single country funds, and regional funds for the Pacific rim and Latin America. But for anyone preferring a more cautious approach, many emerging markets investment and unit trusts have savings schemes which allow you to put in a fixed monthly amount.

Nigel Sidebottom, a private client fund manager who specialises in investment trusts with stockbroker Gerard Vivian Gray, picks Foreign & Colonial Emerging Markets as his favoured buy at the moment. This week's assassination of the Mexican presidential candidate hit F&C's share price. Like other funds with large exposures to that country, but Sidebottom says this could be viewed as a buying opportunity for anybody prepared to sit out short-term volatility.

The F&C fund does not have a long record under its present name and management. Formerly the New Frontiers Development trust, it started life as a US venture capital fund before maturing into an emerging markets fund under the management of Ivory & Sime. F&C took over the management only last September but Sidebottom says he has confidence in the team, which has wide experience in the various markets.

Templeton, a longer-established and extremely popular trust in the sector, is raising new capital with a conversion share issue at present. Investments in the Templeton fund grew by more than 270 per cent over the three years to March 1 (source: HSW).

While such spectacular returns cannot be guaranteed for the future, the fund's main manager, Mark Mobius, has a good track record.

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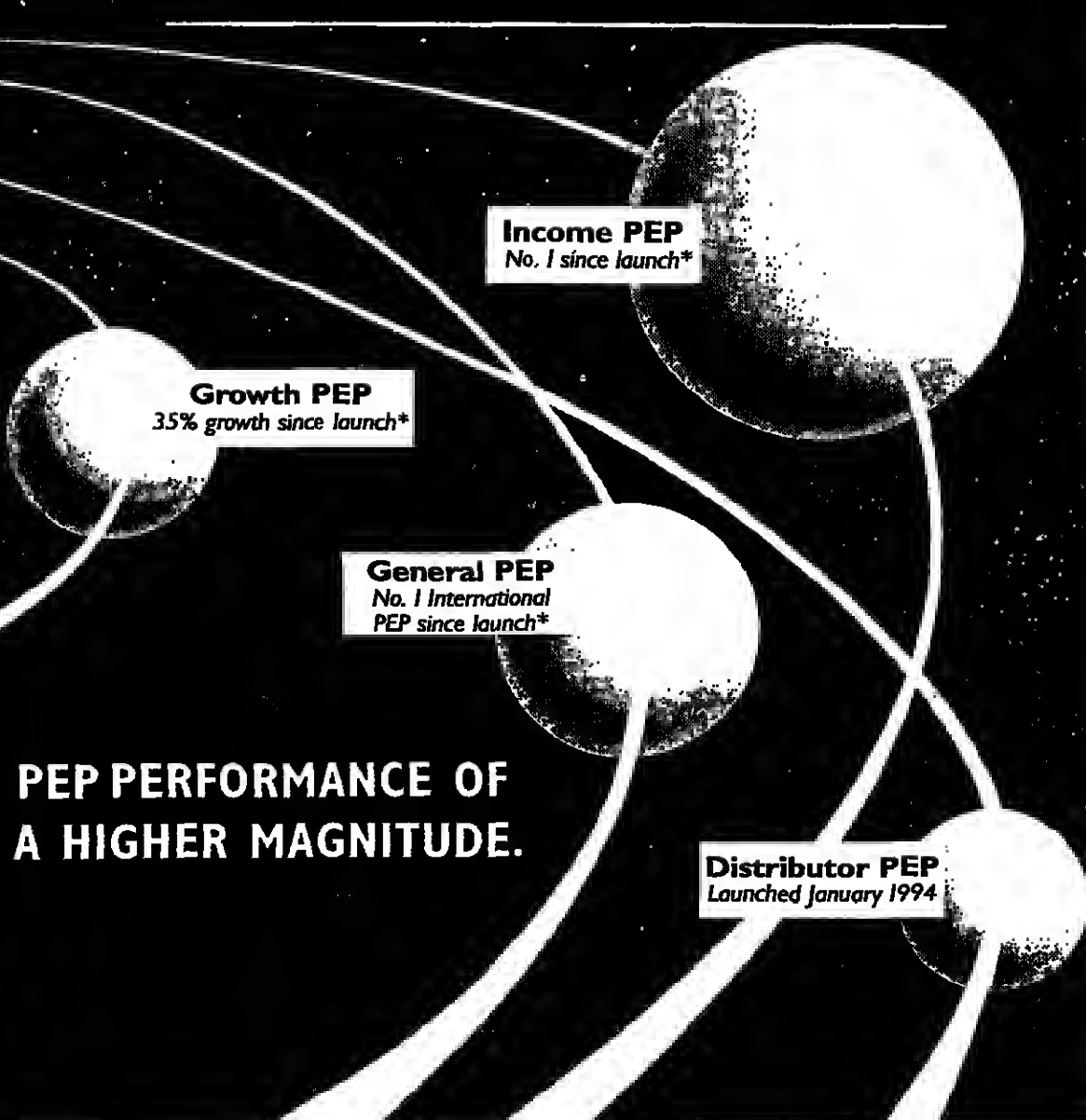
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*Source: Macropoll offer to bid, net income reinvested 11.4.88 to 21.2.94. Please remember that the value of units and income from them may fall as well as rise this may partly be the result of exchange rate fluctuations, and the investor may not get back the original amount invested. Tax rates and reliefs are those applicable at time of printing and may be subject to change. Their value will depend upon individual circumstances. Past performance is not necessarily a guide to future performance. Morgan Grenfell Investment Funds Ltd, 20 Finsbury Circus, London EC2M 1UT. Member of M&G. Morgan Grenfell Investment Funds Ltd is an appointed representative of Morgan Grenfell Unit Trust Managers Ltd which is a member of IMRO LAUTRO and the AUIF.

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FINANCE AND THE FAMILY

A woman of account

Cavendish Financial Management: 9th in a series on fee-based advisers

Julie Lord, the managing director of Cardiff-based Cavendish Financial Management, is the only Associate of the Institute of Financial Planning in Wales, but the distinction has not encouraged her to rest on her professional laurels.

She is now working for some tax qualifications and says: "I believe you have to keep studying to keep your brain alive in this business. There are IFAs [independent financial advisers] who are doing the same sort of product-based business they were doing 30 years ago. Their approach is positively Jurassic."

Lord claims that Cavendish is one of the few companies in south Wales that is pioneering the idea of fee-based advice, and she argues that its success shows people will pay for quality advice and service if they can see they are getting value for money. "It is the Marks and Spencer principle," she says. "We consider that we give an extremely good service that is not necessarily unique but is unusual."

Lord founded Cavendish with her husband Andrew in 1991 after six years' experience with a commission-only IFA firm. "I saw things were changing and that the sophisticated clients wanted more than a commission organisation could give them," she says. "I began to think that we could offer something more professional."

While there is now a small branch office in Blackpool, Lord says there is unlikely to be any further expansion. "We have made a policy decision that we don't want to build up another financial services empire based on sand."

She insists that all clients make a will (she retains a local solicitor to help, if necessary) and the firm's terms of business stipulate that clients must inform it if their circumstances change. "We can't possibly give proper advice if clients don't tell us what is going on," she argues.

Most of Cavendish's clients live in south Wales, over the English border in Bristol, or along the M4 corridor. Half are business owners and company directors, and many approach

The Independents



Name of financial adviser:	Cavendish Financial Management Ltd
Address of financial adviser:	Brynor House, Windsor Place, Cardiff CF10 1JH
Date firm was established:	May 1991
Principal:	Julie Lord
Funds under management:	£4.5m
Number of branches:	Two (plus two branches only)
Number of branch offices:	Two
Minimum investment commitment:	None
Services offered:	Comprehensive financial planning and investment advice

the firm after attending one of its regular investment seminars. "We thought these seemed a very sensible way to attract people who were serious about their financial future," Lord explains. "Our clients all have one thing in common: they recognise the value of structured financial planning to help them achieve their goals."

The seminar audiences invariably include a number of single, divorced and widowed women. Lord thinks women are "notoriously bad at organising their financial affairs," adding: "They prefer to rely on their partners or on large institutions. I try to persuade them they must do their own planning, because no one else will."

In her experience, however, financial incompetence is by no means confined to women. "There is a surprising number of totally naive professional people," she says. "Some accountants are in a terrible mess with their finances and some of our medical clients are hopeless."

Then there are people who say they want to retire at 55 and they haven't started making pension contributions. It is almost like not being on the right planet."

The four advisers at Cavendish aim to provide comprehensive financial and investment planning for private clients but the services are not confined to the asset-rich, Lord says. "Providing clients have income, they can have absolutely no money whatsoever. We have clients who are literally just starting off, while our wealthiest client probably has something like £2.8m."

Fees are time-based. "We have a time sheet and it is all logged into the computer," says Lord. "The client has a notional account and we debit this with the time we spend on them." Hourly rates range from £20 to £25, and annual retainer fees for financial planning and investment clients are £100 to £500.

Clients choose how to deal with any commission that arises. It can be related to them, added to their investment, or offset against fees.

Lord describes most of the investment clients as loss-averse rather than risk-averse; thus, any portfolio recommendations tend to err on the side of caution. But while many clients like a modest flier, she stresses:

"I will invest their money in riskier things only if I have done it myself. If we feel we have made a mistake, I would

rather cut out than expose clients to further loss."

The firm is equally robust in its dealings with financial institutions that fail to deliver a proper service. "Since we started, we have sacked two insurance companies because of their atrocious administration," she says.

Cavendish does not undertake discretionary management. "Clients have to agree to absolutely everything we do," Lord says. "It is far better for them; then, they can keep control of things." Clients are seen at least once a year and the firm likes to meet their accountants and other professional advisers, too.

Lord expects the disclosure of commission and new solvency requirements will do much to change the face of the IFA market. "I can't think of anything more bizarre than an IFA who can't stay in business because of solvency," she adds. "It is quite alarming; the requirement is only £10,000."

"I do think the IFA sector is going to get smaller. Unfortunately, this will give clients less choice. But at least those advisers who are left will be the genuine article - qualified, client-orientated, professional financial planners."

Joanna Slaughter

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Now it's a floating gilt

A government bond which pays a floating rate of interest might sound like a contradiction in terms, but the Bank of England is to sell £2.5bn of variable-rate, five-year gilts on Wednesday.

UK government bonds (gilts) are regarded as the best fixed-interest instrument, allowing nervous investors to fix their income. So, how should they regard a gilt paying a variable

rate, reviewed every three months, and with a yield which is fiendishly difficult to calculate?

The Bank says the issue is being aimed more at the wholesale markets than private investors and, if the minimum bid is anything to go by, this certainly seems the case: it has been raised from the usual £1,000 to £50,000. Investors can, however, wait until after the auction and buy in much

smaller denominations from a broker.

The stock will pay interest gross, which will appeal to non-taxpayers, and will be sold at auction for a discount at a minimum of £99.50 for every £100 of stock. The interest rate will be set at ¼ per cent below the London Interbank bid rate. For the first period, this works out at an annualised interest rate of 4.98 per cent gross to be paid on June 9.

The most competitive building society rates are paying well above this on £50,000 and above (see Highest Rates table, page X) but the rate is competitive for less than £5,000, although dealing costs will reduce the real return.

There are no plans to make the stock available through the National Savings Stock Register.

James Higgins, of the independent adviser Chamberlain de Broe, says: "For the private investor, the simple answer is that the bond offers nothing that a straightforward deposit - other than absolute security - does not. There is no chance of an appreciable capital movement and the yield is, frankly, not competitive."

Jeremy Alford, investment director at gilts fund manager Whittingdale, has a similar view. He says one concern for private investors will be the liquidity of the stock; the last time the Bank issued a floating-rate bond in 1978, demand was poor. "If you think interest rates will fall further, as we do, you are better off buying a conventional gilt," adds Alford.

Attractive gilts he cites include the 6 per cent Treasury stock of August 1999 with a yield of about 6.8 per cent, and the 7 per cent of 2001 yielding 7.1 per cent.

Meanwhile, another instrument that usually operates only on a fixed rate has made a variable-rate issue - permanent interest-bearing shares (Pibs). These are issued by building societies and normally pay a fixed rate on interest indefinitely, since they are irredeemable.

Last week, Cheshire building society became the first in the UK to issue PIBs with a floating rate, although First National, the Irish building society, launched a similar venture earlier in the month. The yield on the Cheshire PIBs is set at 2.4 percentage points above the six-month London Interbank offer rate, now yielding about 7.8 per cent. Minimum denomination is £1,000.

Simon Mozley, assistant director at Hoare Govett, broker to the issue, says "We have seen huge capital growth in PIBs until February this year but prices have fallen since. A floating-rate PIBs will not vary in price as much as one with a fixed rate, and so it offers greater capital security."

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FT 263

FINANCE AND THE FAMILY

Diary of a Private Investor / Kevin Goldstein-Jackson

Warrants with a future

Do you have a piece of paper that has, perhaps, been overlooked but which might now be worth a significant sum? Warrants are easy to forget and are misunderstood by a number of people – yet, their value can sometimes be surprising.

My personal pension scheme has had a shareholding in a small investment company, London Finance & Investment, for some time. Last October, the company gave its shareholders one warrant for every five shares held.

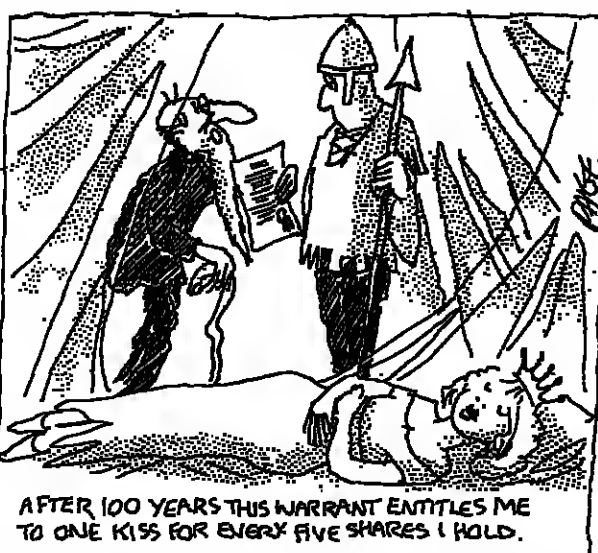
Each gave its holder the right to subscribe in cash for one share in London Finance at 25p apiece within a certain specified period in any of the years 1995 to 2005 inclusive.

As the warrants were free, I simply made a note of their acquisition and did not bother to track their progress. I assumed they would not be worth much until London Finance's share price rose considerably.

Earlier this year, though, I was browsing through the share price pages on the screen of the Market Eye financial information service. I noticed that while London Finance shares were quoted at 29.31p, the warrants were 17.19p.

I was surprised they were worth so much because it meant people were prepared to pay 17.19p just for the right to buy London Finance shares at some time in the future for 25p each.

As I saw it, there were two obvious explanations. The first was that the warrant-holders hoped public expectations of the company's prospects would enable them eventually to sell the warrants at a profit



as their price rose. The second was that they expected the shares to rise to more than 42.44p (the 17.19p warrant price plus 25p a share purchase price) in order to make it attractive financially to exercise their warrant rights and take up the new shares.

Issuing warrants has become increasingly popular, especially by companies using them almost like a future-dated rights issue. They have proved especially popular with investment trust companies; many new trusts include warrants with their share capital when they are launched.

There are now more than 100 quoted trusts which have warrants, although each trust differs in the terms for them. And, with trust warrants, investors can keep track of their progress fairly easily as many are listed on the FT's share price pages immediately

under the trust's share price (which was not the case with London Finance).

Although warrants confer the right to buy shares at a fixed price within a set time period, there is no obligation on the holder to do so. Indeed, I suspect a number of people simply consign their warrants to the attic.

They should, however, look again at their terms because they may have a valuable asset. This is because warrants usually can be traded in their own right; thus, an investor can keep his existing shareholding in a company and sell all or some of his warrants.

Trading in warrants also has attracted investors who are interested in the possibilities of making spectacular gains from being able to take an interest in a company's shares for a

relatively modest outlay – much less than actually buying them.

Suppose a person bought 1,000 shares when these cost £1. If they rose to £2, his £1,000 investment would be worth £2,000. But if the company's warrants cost only 10p, an investor could acquire 10,000 for the same initial outlay.

Suppose, then, that the warrant exercise price to buy further shares in the company was 130p. When the shares reached £2, the warrant-holder would not have to pay for more shares – he could sell his warrant rights via a broker on the stock market, perhaps to someone prepared to pay 65p a warrant.

The buyer could then either keep the warrants in the hope that the underlying shares would rise still further, or exercise the rights and acquire shares for less than the market price – that is, for 195p instead of £2 because he had paid 65p for the warrants plus 130p to exercise the rights. (It is worth noting that the price spreads between buying and selling warrants often is greater than those between the buying and selling prices of shares).

Meanwhile, the person who sold the warrants to him would have seen his £1,000 investment in 10,000 warrants turn into £6,500 cash.

On the other hand, if the person who bought 1,000 shares for £1 saw them plummet suddenly to, say, 70p, he could still sell them and get £700 of his £1,000 back (less dealing costs). In such circumstances, the warrant-holder might find little interest in them – especially if their expiry date was imminent – and could lose his entire £1,000 warrant investment.

So, if you have been given warrants free, do not ignore them: they could be valuable, either to keep so that you can eventually exercise their rights yourself, or to sell, either now or at some time before they expire.

And if you want a speculative investment, then warrants are certainly worth considering.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Ablon	Text	10,000	13	1
API Group	PPAP	18,500	77	1
Beating Power Ltd	Dist	250,000	56	1
Casket	Dist	100,000	54	1
Casting	Eng	5,920	15	1
Enser Holdings	BM&M	135,000	20	1
Eve Group	BCON	2,618	12	1
Fuller, Smith & Turn	Brew	3,000	14	1
Hambro Countrywide	Prop	25,000	16	1
Haywood Williams	BM&M	614,107	2,702	3
Lawless Lambert	Insu	10,532	84	1
Lonrho	Dist	210,149	322	1
Meyer International	BM&M	26,038	142	1
RTZ	Edn	116,709	992	1
Sainsbury (J)	RetF	75,283	276	2
SelectTV	Mdis	130,000	44	1
Unilever	PP&P	80,000	18	1
Wills Comoon	Insu	124,480	1,347	2
		6,945	15	1
PURCHASES				
Barclays	Grks	4,600	24	1
Brunner Inv Trust	InvT	4,611	12	2
Court Cavendish	Hth	8,000	14	2
Independent Insur	Insu	8,000	23	1
Lawless Lambert	Insu	10,000	44	1
MacDonald Martin	SW&C	4,950	22	1
Parsons Leisure	L&H	20,000	33	1
Parsons	BCON	43,585	77	1
Quadrant	Eng	10,000	19	1
Sanderson Bramall M.	Dist	5,000	12	1
Speidel	Hth	500,000	50	1
TI Group	Eng	5,000	20	3
Transatlantic	LIA	19,353	87	1
Union	OHF	12,000	21	2

Value expressed in £000s. This list contains all transactions, including the exercise of options (if 100% subsequently sold, with a value over £10,000, FTA Ordinary & "A" U.V. & "A" Conv. Free. Information released by the Stock Exchange March 14-15 1994. Source: Directors Ltd, The Inside Track, Edinburgh

Directors' transactions

Directors in Tinsley Robor finally have succumbed to the temptation to take some very handsome profits. Three of them have been dripping stock on to the market consistently over the past three months and, overall, they have disposed of 355,000 shares at prices ranging from 20p to 29.5p.

Board members of the small printing and packaging group were heavy buyers of their own stock in September 1992 and six months later, at which time the shares remained near their low point of around 6p. Results for the year to end March are due in June, but the market clearly is confident that the company will return to the black.

□ SelectTV is known best for such television programmes as *Lovejoy* and *Birds of a Feather* but has had a high-profile

boardroom dispute which kept the shares under a cloud. Looking at their relative performance over the last year, though, that period clearly is behind the company. Non-executive director Peter Lister has sold 130,000 shares at 33.5p, leaving him with just under 25,000. Brokers expect profits in the year to March 1994 to surpass £1m, producing earnings of about 0.5p.

□ The estate agency business finally is responding to improved conditions in the housing market. Hambro Countrywide, one of the market leaders, has enjoyed a strong share price over the past year. Gerald Fitzjohn sold 25,000 at 73p, which still leaves him as the second largest shareholder on the board with more than 400,000.

Vivien MacDonald, The Inside Track

Your CGT

The table shows CGT indexation allowances for assets sold in February. Multiply the original cost of the asset by the figure for the month you bought it. Subtract the result from the proceeds of your sale; the balance is your taxable gain or loss. Say you bought shares for £8,000 in September 1985 and sold them in February 1994 for £13,000. Multiplying the original cost by the September 1985 figure of 1.481 gives a total of £11,848. Subtracting that from £13,000 gives a capital gain of £1,152, which is within the 1993-94 CGT allowance of £2,500. If selling shares bought before April 1982, use the March 1982 figure. The RPI in February was 142.1. It has not been possible to use indexation to create, or increase, a loss for shares sold after November 29 1993.

CGT INDEXATION ALLOWANCES: February

Month	1982	1983	1984	1985	1986	1987	1988
January	1.720	1.636	1.558	1.478	1.421	1.376	1.376
February	1.713	1.630	1.546	1.471	1.415	1.370	1.370
March	1.789	1.710	1.624	1.531	1.469	1.413	1.366
April	1.753	1.686	1.603	1.499	1.455	1.396	1.343
May	1.741	1.679	1.597	1.493	1.452	1.395	1.338
June	1.738	1.675	1.593	1.489	1.453	1.395	1.333
July	1.738	1.676	1.595	1.488	1.457	1.396	1.332
August	1.735	1.659	1.580	1.488	1.453	1.392	1.317
September	1.736	1.651	1.577	1.489	1.446	1.388	1.311
October	1.728	1.645	1.567	1.487	1.443	1.381	1.298
November	1.719	1.640	1.562	1.481	1.431	1.374	1.282
December	1.722	1.635	1.564	1.480	1.426	1.376	1.286
Month	1989	1990	1991	1992	1993	1994	
January	1.280	1.189	1.091	1.048	1.030	1.006	
February	1.271	1.182	1.086	1.043	1.024	1.001	
March	1.265	1.171	1.081	1.040	1.020	1.001	
April	1.243	1.136	1.068	1.024	1.011	1.001	
May	1.236	1.126	1.064	1.020	1.007	1.001	
June	1.231	1.122	1.060	1.020	1.008	1.001	
July	1.230	1.121	1.062	1.024	1.010	1.001	
August	1.227	1.109	1.060	1.023	1.008	1.001	
September	1.218	1.098	1.056	1.016	1.001	1.001	
October	1.209	1.091	1.052	1.016	1.002	1.001	
November	1.199	1.083	1.048	1.017	1.004	1.001	
December	1.196	1.084	1.047	1.021	1.001	1.001	

Source: Inland Revenue

Little wonder that Schroders have a world-class reputation

Such performance will raise few eyebrows in some circles.

After all, a reputation such as Schroders' cannot be built by merely providing impressive short term results. The truth is, Schroders have consistently delivered outstanding performance for many years.

Nor is it an achievement that has gone unnoticed. We now have over £5.4 billion under management from those who already know about our track record.

Of course, you may wonder how such an accomplished performance is maintained so consistently.

The reality is that Schroders have resources above and beyond those of most organisations. The Group has over 3000 staff in 20 countries. Through them we obtain the in-depth research and local knowledge which has produced a series of top performing funds.

So our results over the last three, five and ten years will come as little surprise.

Source: Microplot Offer to Bid with net income reinvested to 14.3.94. *Schroder UK Equity in the UK Equity General Sector (3.1.72 first date recorded on Microplot) +251.5% 1st of 15. Schroder Japanese Smaller Companies in Japan Sector since launch (16.1.84) +908% 1st of 26. Schroder US Smaller Companies in North America Sector since launch (20.2.90) +208% 1st of 108. Schroder Tokyo in Japan Sector since launch (27.2.81) +117.9% 1st of 11. Schroder UK Enterprise in the UK Equity Growth Sector since launch (6.7.88) +184% 1st of 11.

All of which begs one question. Wouldn't you be better off with Schroders?

For more information on our world-class performance, return the coupon below or call Schroder ClientLine on 0800 526 535.

CALL SCHRODER CLIENTLINE ON
0800 526 535

To: Schroder Unit Trusts Limited,
00519 FREEPOST, London
EC4B 4AX

Please send me a free copy of
"How to Invest in a Schroder
Unit Trust"

Name _____

Address _____

Postcode _____

Tel. No. _____

Past performance is not necessarily a guide to future performance. The value of investments and the income from them can go down as well as up and the investor may not get back the amount originally invested.

Schroder Unit Trusts Limited is a member of IMRO, LAUTRO and AUTIF.



Schroders

Schroder Investment Management

**ACT
BEFORE
5TH APRIL**

GUIDING SENSES FLIGHT

Remember: to make the most of your 1993/94 tax allowance we must receive your application by 12 noon on Tuesday 5th April. So complete and return the application form now with a cheque for the amount you wish to invest.

To help you capitalise on this, Guinness Flight offers the Global

[illegible]

The Plan Holder. The withdrawal charge will be based on the value of the withdrawal or transfer. The withdrawal charges will be calculated on the basis of the period of time for which that Plan investment has been held which will commence on the day on which subscription were received. References to the first anniversary of the date by which the withdrawal or transfer must be made shall not subtract days and end date on the second anniversary of that subscription day on the next calendar year and accordingly for the second and third years. Earlier administration fees will be used first to meet any partial withdrawals. Ongoing fees may cancel out arrears.

The scale of charges for withdrawal or transfers is as follows

In the first 28th April VAT
• General minimum 1% plus 20% VAT
• In final year 1% plus VAT,
• In other years 1% plus 20% VAT.
(a) a charge of £25 Plus VAT for additional withdrawals

(i) First opportunity to opt-in and (ii) no negotiable

The Plan Manager may recover from the Plan all charges, duties and taxes incurred in transactions at the investments of the Plan. The Plan Manager may well invest in the Plan and apply the proceeds in accordance with the Regulations and the terms of the Plan.

The members of the Unit Trust (an Associate of the Plan Manager) will receive a management fee and fees for other services attributable to the managers of the Unit Trust. These fees are reflected in the Unit Trust's unit price.

The Plan Manager receives a rebate in respect of the full Unit Trust management fee and the Plan annual management fee will be reduced by at least that rebate value.

Termination

The Plan may be terminated by the Plan Manager on written notice to the Plan Holder if at its option it is impossible to administer the Plan pursuant to the Regulations and will terminate automatically with effect from the date of termination.

The Plan Holder may, by written notice require the Plan Manager:

[a] to terminate the Plan immediately and either to transfer to him the investments and cash concerned at the valuation of the Plan assets and sales proceeds to him; or to make such arrangements as he holds under the Regulations and approved by the Internal Revenue as a plan manager who agrees to accept the termination;

[b] to transfer, within such period as may be agreed between the Plan Manager and the Plan Holder, the investments and cash concerned to him; or to make such arrangements as he holds under the Regulations and approved by the Internal Revenue as a plan manager who agrees to accept the termination;

If the Plan Manager shall attempt to cease to act as plan manager of the Plan it shall give at least three months' written notice to the Plan Holder and the Plan Holder may require a transfer payment to 100% of his share.

On termination of the Plan under [10(a)] or [10(b)] above, unless the Plan Holder otherwise requires in writing within such period as the Plan Manager may specify that the investments and cash be transferred to him, and the Plan Manager may require the Plan Holder to sign a statement in support of the termination of the Plan on the last Working Day following receipt of the Plan Holder's written consent and shall pay to the Plan Holder the net proceeds of the Plan.

Termination of the Plan will be subject to completion of transactions then remaining uncompleted.

On termination of the Plan or transfer of the Plan to another plan manager the Plan Holder shall pay to the Plan Manager the amount payable by the Plan Manager to the Plan Holder under the Regulations and the value of the investments and cash on termination or transfer plus fees for the period so far term of termination or transfer, together with any administration or dealing expenses incurred in terminating the Plan or on realising or transferring the investments and cash concerned, less any amounts paid to the Plan Holder on account of or return out of any cash or proceeds or transfer payments, amounts in respect of outstanding loan or expenses and interest thereon, and any other sums due to the Plan Manager in connection with cover any liabilities, including tax, incurred or payable by the Plan Manager in respect of the Plan.

These Terms and Conditions shall continue to apply in necessary notwithstanding termination of the Plan.

Oversight

The Plan Holder shall have to be a qualifying individual under the Regulations on deaths and the Plan shall cease to attract tax benefits.

The Plan Manager shall not be affected by the death of the Plan Holder and shall continue to not update a unit holder's details until notified in writing by the relevant authority. Any reasonably required under the Regulations shall be suspended pending the instructions of the Plan Holder's legal personal representatives, under the Rules of the Plan, and the Plan Manager may require the Plan Holder to provide evidence appropriate and those Terms and Conditions shall be binding on the legal personal representatives.

General

An application to open a Plan shall tax result in the applicant receiving unsolicited calls from the Plan Manager.

The Plan Manager will notify the Plan Holder in writing or by means of any failure to satisfy the Regulations and the Plan Holder may require the Plan Manager to take steps to ensure compliance with the Regulations.

The Plan Holder warrants to the Plan Manager that during the continuance of the Plan he will remain the sole beneficial owner of the investments and cash, free from encumbrances.

The Plan Holder warrants to the Plan Manager that he will not assign or transfer his application or the Plan or any acquisition of investments under the Plan under the Financial Services (Cancellation) Rules 1989 (in force to come into effect) if the application has been made on the Plan Holder's own account rather than through a financial adviser.

If the Plan Holder wishes to make a partial withdrawal from the Plan he may be subject to a minimum withdrawal of £500, withdrawn cash being available after the first 28th April of the Plan Holder's next Settlement of accounts due on termination or partial withdrawal will be made within 7 days of receipt of proceeds by the Plan Manager where realisation of investments is necessary by the Plan in the required.

The Plan Holder's Terms and Conditions from time to time by giving us not less than 14 days' written notice to the Plan Holder.

The Plan is governed by English Law and the English Courts are to have jurisdiction to settle any disputes arising out of the Plan.

Liability

The Plan Manager shall not be liable for any losses suffered through a depreciation in the value of the portfolio of CGO's, withdrawal charges or any other loss or damage to the Plan Manager's lawful debts, negligence or gross misconduct or a branch of the Financial Services Act 1986 or of any regulatory body.

Plan Holders may be entitled to compensation under the Investor Compensation Scheme, details of which can be obtained from the Securities and Investments Board.

Glossary

This document refers to words to explain about the operation of the Plan or the conduct of the Plan Manager. It should always be compliant to the Plan Manager's Compliance Officers, which will investigate and take such action as may be considered appropriate. The Plan Holder has the right to complain directly to IMRO.

The Plan Holder takes on a Plan through an independent financial adviser, the Plan Manager may pay to the adviser commission at the rate of 3% of each subscription to the Plan and 0.5% per annum of the Plan value thereafter.

Notes/Instructions and Communications

All notices and instructions to be given to the Plan Manager should be sent to Lightbourn Court, 5 Grosvenor Gardens, London W1A 3QF. All communications should be sent to the Plan Manager's attention. All communications should be acknowledged by the Plan Manager. Notices and other documents to be given or sent to the Plan Holder shall be sent to the registered address of the Plan Holder at the risk.

March 1994

NOTES FOR INVESTORS

Please give your daytime telephone number in case of a query arising in relation to your application. This is solely for the purpose of processing your application, no salesman will call. If your telephone has been introduced via a financial adviser, Guinness Giftwill contact that financial adviser.

Your National Insurance Number can be obtained from your employer, tax returns or local office nearest you. Please quote this number on the front cover of your Prospectus Form.

If you leave either a National Insurance Number (personal or National Pension Number), failure to provide it, along with a valid UK ID card (including postal code) and year date of birth, will preclude acceptance of your application.

Applications for the Plan ending 30th April of the following year: A Plan opened during the period 6th April 1993 to 30th April 1994 would be for the tax year ending 5th April 1994.

If you require income within the Plan to be distributed and paid to you this can be done by Bank Mandate to a UK bank account. If so, please complete the Bank Mandate at Section 3 of the Prospectus Form.

Under the Financial Services (Cancellation) Rules 1989, an investor in under certain circumstances entitled to cancel a Plan which he has opened and have returned to him the sum invested. The circumstances are set out on the application form. When an investor wishes to exercise the right to cancel a Plan, he must do so within 28 days after the date on which he received a Notice of the Right to Cancel from Guinness Giftwill.

Applications for the tax year ending 5th April 1994 must be received on or before 12 noon on 5th April 1994. Applications for the tax year ending 5th April 1994 will not be valid and such applications on 5th April 1994 will be returned.

For office use only.		Plan No.	
Agency No.			

APPLICATION FORM

Please complete this application form in block capitals and return it, together with your cheque made payable to Guinness Flight Fund Managers Limited, to Guinness Flight Fund Managers Limited, Lifford House, 5 Gainsford Street, London SE1 2NE before 12 noon on 5th April 1994. Tel: 071-522 2111.

1. NAME AND ADDRESS DETAILS

See Notes for Investors: 1.2 & 3

Title _____ Surname _____

First Names _____ Date of Birth

Permanent Residential Address _____

Postcode _____ Telephone (Daytime) _____

Do you have a National Insurance or National Pension Number?

☐ Yes ☐ No (Please tick) If Yes what is it?

National Insurance Number or National Pension Number

I hereby apply for a Guinness Flight Fund Managers Limited Global Privatisation General Perennial Equity Plan for the tax year ended 5th April, 1994 on the Terms and Conditions applicable to the Plan.

2. INVESTMENT AMOUNT

I enclose my cheque, payable to Guinness Flight Fund Managers Limited for:

Investment	£3,000.00	£4,500.00	£6,000.00
Charges at 2% + VAT	£ 70.50	£ 105.75	£ 141.00
(please tick one box)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	£3,070.50	£4,605.75	£6,141.00

3. INCOME

See Notes for Investors: 4.5

I would like my income to be reinvested ☐ distributed ☐ (please tick one box)

If you would like your income paid to your bank, please complete the Bank Mandate below:

BANK MANDATE: If no box is ticked, and the Bank Mandate is not completed, income will be automatically reinvested.

Bank Name _____ Sort Code

Bank Address _____

Account Name _____ Account Number _____

Signature _____ Date _____

4. AUTHORISATIONS AND DECLARATIONS

I authorise the Plan Manager:

- (a) to hold my cash subscriptions, Plan investments, interest, dividends and any other rights or proceeds in respect of those investments and any other cash in the Plan;
- (b) to make on my behalf any claims to relief from tax in respect of Plan investments and to provide the Inland Revenue with information as to my Plan and Plan investments;
- (c) on my written request to transfer or pay to me, as the case may be, Plan investments, interest, dividends, rights and other proceeds in respect of such investments or any cash.

I declare that:

- (a) I am aged 18 years or over, I am resident and ordinarily resident in the United Kingdom for tax purposes or, though non-resident, perform duties which by virtue of Section 132(4)(a) of the Taxes Act are treated as being performed in the United Kingdom and will inform the Plan Manager if I cease to be so resident and ordinarily resident or to perform such duties;
- (b) I have not subscribed and will not subscribe to any other general plan for the same tax year(s) to which this application relates;
- (c) this subscription is entirely from my own independent resources;
- (d) the information given by me in this application is true and correct to the best of my knowledge and belief and I will notify the Plan Manager, without delay, of any changes in my circumstances affecting any of the information on this application.

Signature _____	Date _____
-----------------	------------

5. CANCELLATION RIGHTS

See Notes for Investors: 5

Cancellation rights as laid down in the Financial Services (Cancellation) Rules 1989 do not apply to an application made on your own account, rather than through an independent financial adviser.	Financial Adviser Stamp
---	-------------------------

CGT: how to keep those bills within bounds

All your savings needs in one portfolio. INSTANT ACCESS, 90 DAY, 6 MONTH, MONTHLY INCOME, TERM, TESSA. Asset is a division of the Bristol & West Building Society.

Fidelity Global Privatisations PEP.

The only decision is how much to invest.

From £1,000 to £12,000 at a fixed price.

If you're considering which PEP to take out before the tax year end, there's a strong case for one which taps into the potential of privatisations worldwide. The privatisation programme in the UK offered that rare combination - potentially good profits with relatively little risk. In fact, it proved to be a successful investment for thousands of people, providing many with excellent long-term returns. Now attention is moving further afield. Not just to Europe, but to literally hundreds of privatisation issues all over the world - many of which, like those privatised here, are large, stable and asset rich.

The huge potential of this world market is matched only by its diversity - from telecommunications in Mexico to airports in Europe and railways in Japan.

And what better way to capitalise on these global opportunities than with Fidelity - a company with truly global resources.

The Fidelity Global Privatisations PEP invests not just in

companies already privatised or currently being floated, but also those which we think will benefit as a result of these privatisations.

Research into the potential of all these companies is crucial to the success of this fund. As you can see from the table, first hand, on-the-ground research is one of Fidelity's key strengths. And when you

GLOBAL RESOURCES

Fidelity research activities in 1993:

37 investment managers and analysts made over 6,000 visits in Europe.

165 investment managers and analysts made over 24,000 visits in North and South America.

35 investment managers and analysts made over 11,000 visits in the Far East.

PEPs held for less than three years are subject to a withdrawal charge of between 1% and 3% + VAT. Past performance is no guarantee of future returns. The value of investments and the income from them may go down as well as up and you may not get back the amount invested. Tax exemptions may be subject to future statutory changes which may affect the value of investments. Fidelity Investments Limited, a member of IMRO, is authorised by the Financial Services Authority (FSA) to provide investment services. Fidelity Global Privatisations Fund is a unit trust managed by Fidelity Investment Services Limited, a member of IMRO & LAUTRO. The fund will always invest at least 50% of its assets in UK and EC incorporated companies.

invest with Fidelity, you have the security of knowing you're with the world's largest independent investment organisation.

Invest in the Fidelity Global Privatisations PEP now and you'll not only catch the fixed price, but you can maximise your PEP allowance by investing up to £12,000 tax-free. You can apply for either or both 1993/94 and 1994/95 PEPs, but don't delay, applications for 1993/94 PEPs must be received by 5th April and the fixed price is only available until 11th April.

So make your move and beat the deadline. Complete the application form for either the 1993/94 or 1994/95 PEP, or both, and return to us - no stamp is required. In order to ensure you meet the April 5th deadline please send your application before the Easter holidays. If you need any help, call us free on the number below or talk to your Independent Financial Adviser.

CALL FREE 0800 414171



THE FIDELITY PEP TERMS

Meaning of Words: The meaning of some words and expressions which are used throughout these terms are explained below. Wherever the words and expressions are used in these terms they are to be taken to have the meaning given below.

PEP: Personal Equity Plan.

Regulations: The Fidelity Global Privatisations PEP Regulations for personal equity plans.

Plan: An investment plan established by the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment: Any investment made by the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager: Any person who is authorised to manage the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Report: A report made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Statement: A statement made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Certificate: A certificate made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Receipt: A receipt made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Acknowledgment: An acknowledgment made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Confirmation: A confirmation made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Declaration: A declaration made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Undertaking: An undertaking made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Warranty: A warranty made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Indemnity: An indemnity made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Release: A release made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Discharge: A discharge made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Exemption: An exemption made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Waiver: A waiver made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Surrender: A surrender made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Resignation: A resignation made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Retirement: A retirement made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Death: A death made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Disappearance: A disappearance made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Incompetence: An incompetence made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Inability: An inability made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Mind: An unsoundness of mind made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Body: An unsoundness of body made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Character: An unsoundness of character made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Reputation: An unsoundness of reputation made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Credit: An unsoundness of credit made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Fortune: An unsoundness of fortune made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Power: An unsoundness of power made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Authority: An unsoundness of authority made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Jurisdiction: An unsoundness of jurisdiction made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Competence: An unsoundness of competence made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Skill: An unsoundness of skill made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Knowledge: An unsoundness of knowledge made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Understanding: An unsoundness of understanding made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Reason: An unsoundness of reason made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Judgment: An unsoundness of judgment made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Wisdom: An unsoundness of wisdom made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Virtue: An unsoundness of virtue made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Honor: An unsoundness of honor made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Integrity: An unsoundness of integrity made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Loyalty: An unsoundness of loyalty made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Faith: An unsoundness of faith made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Hope: An unsoundness of hope made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Charity: An unsoundness of charity made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

Investment Manager's Unsoundness of Kindness: An unsoundness of kindness made by the Investment Manager to the Fidelity Global Privatisations PEP Fund, which is a member of the Fidelity Global Privatisations PEP Fund.

1993/94 PEP

1. I declare that I am:

(a) aged 18 years or over, and

(b) resident and ordinarily resident in the UK for tax purposes or non-resident but performing duties which are treated by virtue of section 135(4)(a) of the Income and Corporation Taxes Act 1988 (Crown employees serving overseas) as being performed in the UK and will inform Fidelity if I cease to be so resident and ordinarily resident or to perform such duties.

2. I understand that I may only subscribe to one General PEP in any one tax year. I declare that I have not subscribed nor will I subscribe to any other general PEP for the 1993/94 tax year.

3. I wish to open a Fidelity General PEP for the tax year 1993/94 and confirm that I have read and agree to be bound by the Fidelity PEP Terms and Conditions which shall apply to any Plan opened pursuant to this application and subject thereto. I hereby authorize Fidelity:-

(a) to hold my cash subscription, plan investments, interest, dividends and any other rights or proceeds in respect of those investments and any other cash;

(b) to make on my behalf any claim to relief from tax in respect of my Plan; and

(c) on my written request, insofar as is permitted under the Terms and Conditions, to transfer or pay to me at the case may be, plan investments, interest, dividends, rights or other proceeds in respect of such investments or any cash.

4. I declare that I am the absolute beneficial owner of the monies subscribed pursuant to this application.

The information given by me is correct and I will inform Fidelity immediately of any changes to the information contained herein.

Agent Stamp

Comments terms available from Fidelity on request

Signature

Date

Investment Type

Initial Investment A

or Top-up to an existing Fidelity 1993/94 PEP D

1993/94 Declaration

I declare that I am:

(a) aged 18 years or over, and

(b) resident and ordinarily resident in the UK for tax purposes or non-resident but performing duties which are treated by virtue of section 135(4)(a) of the Income and Corporation Taxes Act 1988 (Crown employees serving overseas) as being performed in the UK and will inform Fidelity if I cease to be so resident and ordinarily resident or to perform such duties.

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Agent Stamp

Comments terms available from Fidelity on request

Signature

Date

Investment Type

Initial Investment A

or Top-up to an existing Fidelity 1993/94 PEP D

1994/95 PEP

1. I declare that I am:

(a) aged 18 years or over, and

(b) resident and ordinarily resident in the UK for tax purposes or non-resident but performing duties which are treated by virtue of section 135(4)(a) of the Income and Corporation Taxes Act 1988 (Crown employees serving overseas) as being performed in the UK and will inform Fidelity if I cease to be so resident and ordinarily resident or to perform such duties.

2. I understand that I may only subscribe to one General PEP in any one tax year. I declare that I have not subscribed nor will I subscribe to any other general PEP for the 1994/95 tax year.

3. I wish to open a Fidelity General PEP for the tax year 1994/95 and confirm that I have read and agree to be bound by the Fidelity PEP Terms and Conditions which shall apply to any Plan opened pursuant to this application and subject thereto. I hereby authorize Fidelity:-

(a) to hold my cash subscription, plan investments, interest, dividends and any other rights or proceeds in respect of those investments and any other cash;

(b) to make on my behalf any claim to relief from tax in respect of my Plan; and

(c) on my written request, insofar as is permitted under the Terms and Conditions, to transfer or pay to me at the case may be, plan investments, interest, dividends, rights or other proceeds in respect of such investments or any cash.

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Agent Stamp

Comments terms available from Fidelity on request

Signature

Date

Investment Type

Initial Investment A

or Top-up to an existing Fidelity 1994/95 PEP D

CANCELLATION NOTICE

If you wish to cancel your application to invest in the Fidelity Global Privatisations PEP, please complete and return the notice to Fidelity Investments Limited at the address below.

Please note that your right to withdraw the application can be exercised only during the period and in the manner described in the Terms and Conditions set out in this brochure.

I hereby authorize Fidelity that I will not withdraw any application for the Fidelity Global Privatisations PEP if I acknowledge, however, that if this instruction is received by Fidelity after the expiry of the "Cooling-off" period then this instruction shall be of no effect.

Signature (please print)

Title

First Name(s) (please print)

Address

Postcode

Signature

Date

Fidelity Investments Limited

One Bank Street, London EC2A 4PU

Registered in England No. 1427791

Investment Type

Initial Investment A

or Top-up to an existing Fidelity 1994/95 PEP D

1994/95 Declaration

I declare that I am:

(a) aged 18 years or over, and

(b) resident and ordinarily resident in the UK for tax purposes or non-resident but performing duties which are treated by virtue of section 135(4)(a) of the Income and Corporation Taxes Act 1988 (Crown employees serving overseas) as being performed in the UK and will inform Fidelity if I cease to be so resident and ordinarily resident or to perform such duties.

2. I understand that I may only subscribe to one General PEP in any one tax year. I declare that I have not subscribed nor will I subscribe to any other general PEP for the 1994/95 tax year.

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(a) to hold my cash subscription, plan investments, interest, dividends and any other rights or proceeds in respect of those investments and any other cash;

(b) to make on my behalf any claim to relief from tax in respect of my Plan; and

(c) on my written request, insofar as is permitted under the Terms and Conditions, to transfer or pay to me at the case may be, plan investments, interest, dividends, rights or other proceeds in respect of such investments or any cash.

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Agent Stamp

Comments terms available from Fidelity on request

Signature

Date

Investment Type

Initial Investment A

or Top-up to an existing Fidelity 1994/95 PEP D

FINANCE AND THE FAMILY

The Pru goes it alone

Debbie Harrison looks at a giant

The Prudential, the largest life assurance company in Britain and the biggest provider of personal pensions, this week opted for splendid isolation; it declined to join the Personal Investment Authority, the new regulator protecting private investors. The Pru has £73.5bn in assets under management. It has sold £70,000 personal pensions since 1988; this represents about one-sixth of the entire market.

The company's representatives used to collect premiums in cash from the homes of policyholders. But the "Man from

recoup sales and marketing costs and to pay commission, the company imposes an extra annual charge of 5 per cent of the value of the units bought during the first year. This is levied for up to 35 years.

Steve Bee, the pensions manager, says: "This is designed as a long-term savings product, but it is flexible if people's circumstances change." If, for example, a client changes jobs and joins a company pension scheme, he is no longer allowed legally to pay contributions to the personal pension. Nevertheless, there would be an early termination penalty under most regular premium plans.

Several providers waive the penalty if the client contributes instead to free-standing additional voluntary contributions (FSAVCs), which are used to top up the company scheme. The Pru offers this option but also allows the client to take a break of up to five years - longer, in some cases - before FSAVC premiums have to start.

Even without this flexibility, the Pru's direct sales with-profit contract charges are low compared with the industry average. The reduction in yield figures, which show the equivalent annual percentage charge over the term of the contract, are among the best available, particularly over 20 and 25 years.

The unit-linked personal pension plan, which is sold through independent advisers, is not so attractive. Charges are higher and performance has been poor over all terms and contracts, apart from the five-year regular premium plan. Bee says: "Taking a long-term view, the investment performance of our unit-linked pension funds has not been as good as we would have liked. However, over the past five years, there has been a marked improvement."

The Pru has been quick to distance itself from the recent survey on personal pensions by accountants KPMG Peat Marwick which suggested that nine out of 10 sales of personal pensions used to transfer benefits out of an occupational scheme did not comply with regulatory requirements. The

FACT FILE 8

Name: Prudential
Status: Proprietary
Founded: 1848
Market position: Largest UK life company, biggest provider of personal pensions
Financial strength: Standard & Poor's assessment is "good"
Funds under management: £73.5bn (at 31/12/93)
Premium income 1993: £7.9bn worldwide, £4.1bn UK (broader life and pensions)
Number of personal pension plan clients: £70,000
Number of transfer plans sold: 80,000
Sales outlets: Over 97 per cent personal pensions sold through direct sales force, under 3 per cent through independent advisers
Commission paid: For advisers, up to industry average, eg approx 60 per cent of value of first year's premium on long-term regular premium plan; less for salesforce NII commission-terms available? Only through independent advisers
Expense ratio: (management expenses divided by total premium income) 38.68 per cent in 1992, 21.61 per cent in 1991 (industry average in 1991 was 19.2 per cent)
Reduction in yield: (equivalent annual percent charge over the life of the contract) Good on direct sales product - 0.7 per cent on 25-year regular premium unit-linked with profits plan (industry average 1.3 per cent)
Penalties on early retirement or termination: Yes, based on outstanding charges for rest of contract (up to 25 years), levied at 5 per cent of first year's premiums on with-profit plan
Performance: With-profit plan just below average for regular premium contract over five and 10 years, above average over longer terms and excellent for most single premium investment periods. Managed unit-linked fund just above average over five years but very poor over longer terms.
Source: FT Personal Pensions 1994 handbook, Pensions Management and Money Management



Founder of the Prudential, Henry Harben

Charges: At present life office illustrations of what your investment may produce use a standard basis for charges set by Laurus (the Life Assurance and Unit Trust Regulatory Organisation). To reveal the impact of real charges on the final fund of Prudential's unit-linked with-profit plan (sold by direct sales), we asked for illustrations using actual charges for a man age 45 who expects to retire at age 65 (ie, a 20-year contract), paying (a) £200 per month and (b) a stand alone single premium of £10,000. Illustrations using Laurus standard charges, which in fact are lower than those used by most life offices, are shown in brackets. The last illustration gives a theoretical value if no charges were deducted.

Full commission paid	6% p.a.	12% p.a.
Monthly premium £200	£78,300	£132,000
	(£60,800)	(£95,000)
Single premium £10,000	£26,800	£31,900
	(£29,200)	(£36,400)

NII-commission: Not disclosed because not available through direct sales force, the main outlet for personal pensions.

Theoretical no charges	6% p.a.	12% p.a.
Monthly premium £200	£91,129	£163,971
Single premium £10,000	£32,071	£36,400

The Pru's transfer business represents about 9 per cent of total personal pension sales, and the company's transfer assessment system checks the adequacy of the transfer value against the level of benefits being given up in a company scheme.

If this is reasonable, the system produces a like-for-like illustration which can be used to compare directly the personal pension benefits with the company scheme benefits being surrendered.

Bee adds: "We always advise against opting out of employer's schemes and we do not recommend transfers to customers... However, we will accept transfers if customers wish to make them and have no intention of withdrawing from the market."

NEW INVESTMENT TRUST LAUNCHES

			--- Targets ---					--- Outside FCF ---					--- Inside FCF ---		CMT Period
Manager (Telephone)	Broker	Sector	Warrants	Size £m	Yield %	PE Out?*	Swaps Scheme	Issue Price P	Minimum N/A P	Maximum Movement £	Annual Change %	Minimum Invt. £	Annual Change %		
■ Govett Global Smaller Companies															
John Govett (071 378 7978)	Cred Lyns Laing		1.5	20-50	n/a	No	Yes	100p	95 2p	1,000	1%	n/a	n/a	Closes 13/04/94	
This fund will chase economic conditions likely to promote smaller company outperformance around the world															
■ Piper European Smaller Companies															
Piper International (071 248 4000)	Chouse Tilney	Europe	1.5	20-30	n/a	Yes	No	100p	95p	1,000	1%	n/a	n/a	Closes 6/04/94	
Plans to take advantage of expected boom for smaller companies as European economies recover															
■ Templeton Emerging Markets (C-share issue)															
Templeton (0800 272728)	Smith New Court	Emerging Mkts	1.5	140	n/a	No	Yes	100p	n/a	1,000	1.25%	n/a	n/a	Closes 14/04/94	
A new chance to participate in a highly-successful trust with a very wide geographic spread															
■ Templeton Latin American Investment Trust															
Templeton (0800 272728)	Cazenove	Emerging Mkts	1.5	50+	n/a	No	Yes	100p	96.5p	2,000	1.25%	n/a	n/a	31/03/94-22/04/94	
The third new Latin American fund this year; this one is led by Mark Mobius, the force behind Templeton Emerging Markets															
■ Undervalued Assets Trust															
Scottish Value Mgt (031 229 1100)	James Capel	UK Growth	no	40-50	n/a	Yes	Yes	100p	96p	2,000	1%	n/a	n/a	6/04/94-20/04/94	
Based on detailed research to find UK companies whose worth is underestimated by the market															

NEW UNIT TRUST LAUNCHES

Manager (Telephone)	Sector	Target Yield %	PE Ratio	Savings Schemes Avail.	Charge Initial %	Charge Ongoing %	FEP - Other	Minimum Invest. £	Charges Annual %	FEP - Other %	Minimum Invest. £	Charges Annual %	FEP - Other %	Special offer Period
■ Global Privatisations Fund														
Fidelity (0800-414161)	Int Equity Growth	1.5-2.0	Yes	Yes	5.25	1.5	No	1,000*	2	1.5	1-3**	1,000*	Fr pr	21/3/94-29/4/94
Another fund on the privatisation band wagon but one of only two global funds. Includes companies benefitting from privatisation														
■ Extra Income Trust														
Abbey Life (0202 292373)	UK Balanced	7.25	Yes	No	6	1.5	No	3,000	6	1.5	No	3,000	1	21/2/94-29/4/94
A high income fund using derivatives to boost income to 2% above base rates, capped at 13% ; do not expect capital growth														
■ Managed Income Trust														
Abbey Life (0202 292373)	Fund of funds	4.6-4.8	Yes	No	6	1.5	No	3,000	6	1.5	No	3,000	1	21/2/94-29/4/94
Pays income monthly and invests in up to 7 unit trusts. About half the investment is in fixed interest funds.														
■ Distribution Trust														
Prudential (0800 000000)	UK Balanced	5	Yes	Yes	6	1.5	No	1,000*	6	1.5	No	1,000*	2	14/3/94-31/3/94
Aimed at income seekers who are given a multitude of choices including quarterly payouts of 5% pa or "income" of up to 10% pa.														
*or £50 a month; **Withdrawal charges of 3 per cent in first year, 2 per cent in second year and 1 per cent in third year, for £25 a month.														

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the accuracy of the information contained in this column. All enquiries should be addressed by post to: Q&A, Financial Times, 100 Brook Street, London W1A 3AA.

You said last week that utility customers will have a "second chance" before April 1 1995 to avoid paying the full 17.5 per cent VAT rate on household fuel. Could you explain how this works?

VAT is applied at the rate prevailing when payment is made. Before April 1 this year, each £100 paid to a utility buys £100 of fuel, regardless of when it is actually used. Between April 1 1994 and March 31 1995, it will take £108 to buy £100 worth of fuel. From April 1 1995, it will take £117.50 to buy £100 of fuel. So, it could be worthwhile to top up your

Pre-paying fuel VAT

"stock" of pre-paid fuel at the 8 per cent VAT rate just before that date.

Mortgage relief

I was surprised to see in the article "Plan to slash your tax bill" (Weekend, March 12/13), that mortgage interest can get tax relief at a taxpayer's top rate. I thought that relief was restricted to 25 per cent for 1993/94, followed by 20 per cent for 1994/95 and 15 per cent thereafter.

You can still get tax relief at your top rate for interest paid on a loan taken out to purchase a property which you let out at a commercial rent. The property must be actually let for more than 26 weeks in any 52 week period. When the property is not let, it must either be available for letting at a commercial rent or

unavailable because of construction or repair work on the property. There is no restriction on the size of the loan. Generally, the interest can be set off against your rental income.

Confidence trick?

The local tax office says that any non-capital withdrawals from Tessa or Peps, although non-taxable, will count as income for age-allowance reduction purposes. If so, this

more than negates the value and purpose of these investments for many people over 60. What happens on the maturity of a Tessa, for example? Is this yet another government confidence trick?

Anything which does not form part of your "total income" for tax purposes (as defined in section 835(5) of the Income and Corporation Taxes Act 1988, as amended) is ignored for age-allowance claw-back purposes. Thus, it is not a case of a government confidence trick - merely of inland Revenue incompetence.

Personal pensions

The FT would like to hear from readers who think they have been sold inappropriate personal pensions, and from former pensions sales staff

prepared to talk about their experiences. Please contact Peter Marsh, FT, 1 Southwark Bridge Rd, London SE1 9HL, tel. 071-873 3136.

Amount	Gross Paid Annually*	Net Amount
£1 - £4,999	1.15%	0.86%
£5,000 - £9,999	2.00%	1.50%
£10,000 - £24,999	3.75%	2.81%
£25,000 or more	4.00%	3.00%

Now you get the best of both worlds with the Woolwich Current Account. You get excellent rates at interest with instant access to your money via a cheque book or Cashbase card.

With our new top tier for amounts over £25,000 you get even better interest and still get instant access.

So, develop more interest in your Current Account by sending this coupon to: Woolwich Building Society, FREEPOST (D198), Bechtelheath, Kent DA6 7BR.

Alternatively, call in at your local Woolwich branch or phone us free at any time on 0800 400 900 quoting ref: FT3

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BUILDING SOCIETY

Please send me full details of Woolwich Current Account. No stamp required.

Name (Mr/Ms/Miss/Ms) _____

Address _____

Postcode _____ Telephone _____ Signed _____

FTC30

*Interest will be payable net of the basic rate of income tax at, subject to the required certification, gross. Where tax deducted exceeds the investor's tax liability (if any), a claim may be made to the Inland Revenue for repayment of tax. Rates may vary. For illustrative purposes only, based on the current basic rate of income tax of 25%. Full terms and conditions available on request from Woolwich branch Woolwich Building Society, Corporate HQ, Welling Street, Bechtelheath, Kent DA6 7BR.

Granny bonds stir societies to hit back

Competition from National Savings grannies has forced building societies to respond with competitive products. In recent weeks the number of fixed-term, fixed-rate accounts has increased. These are intended to at combat savers' worries of continued base rate cuts and lower interest rates.

Last week, the National & Provincial introduced a five-year term account with 7.3 per cent guaranteed until September 30 1999, paid yearly from £500 with a monthly option of 7.10 per cent. And Northern Rock this week launched a postal bond paying 7.50 per cent monthly from £5,000 until April 1 1999.

Other societies have introduced escalator bonds in response to savers' fears of trying into an investment at the bottom of the interest rate cycle. Although these are still five-year term accounts, the rates are guaranteed to rise annually.

The Halifax introduced its bond last month and the Britannia and Yorkshire were quick to follow. The Halifax responded by increasing its rates. This week has seen the launch of similar bonds from the Newcastle and the Leeds & Holbeck. The latter starts with rates at 6 per cent, rising by 1 per cent a year to 10 per cent from £1,000. All offer a monthly interest option.

Rates on other building society accounts tend to have been tweaked down lately, although often by very small amounts such as 0.1 per cent. But the Progressive dropped a hit more and its Tessa (featured recently in the Savers Selection) is now down to 7 per cent.

Postal accounts still have the edge over branch-based accounts. Britannia has withdrawn its market-leading index-linked account, which was tied to inflation rates.

Christine Bayliss, Moneyfacts

HIGHEST RATES FOR YOUR MONEY

HIGHEST RATES FOR YOUR MONEY					
Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/c's					
Teachers BS	Bulfin Share	0800 378669	Instant	£500	6.00% Yy
Leeds & Holbeck BS	Albion	0532 438292	Postal	£10,000	6.45% Yy
Norwich & Peterborough	Postmaster	0733 381497	Postal	£25,000	6.60% Yy
				£60,000	7.00% Yy
NOTICE A/c's and BONDS					
Greenwich BS	Capital Shares	081 858 8212	30 Day	£10,000	6.60% Yy
City & Metropolitan BS	Super 60	081 464 0814	60 Day	£10,000	6.80% Yy
BSW Asset	90 Day	0800 303330	90 Day P	£25,000	7.15% Yy
Chelsea BS	Bank Rate Plus11	0800 272506	1.3.96	£10,000	7.50%G Yy
MONTHLY INTEREST					
Britannia BS	Capital Trust	0830 381741	Postal	£5,000	5.80% My
BSW Asset	Monthly Income	0800 303330	90 Day P	£10,000	6.80% My
Scarborough BS	Ninety 4	0800 590578	90 Day P	£25,000	7.10%F My
Northern Rock	Postal Inc Bond	0500 505000	1.4.96 P	£5,000	7.50%F My
TESSAs (Tax Free)					
Hickley & Rugby BS		0485 251234	5 Year	£3,000	7.80% Yy
Durham BS		0383 721621	5 Year	£3,000	7.50% Yy
TSB	local branch		5 Year	£250	7.25% Yy
Cheshire BS		0800 243278	5 Year	£3,000	7.25% Yy
HIGH INTEREST CHEQUE A/c's (Gross)					
Caledonian Bank	HICA	031 556 8235	Instant	£1	4.75% Yy
UDT	Capital Plus	061 447 2438	Instant	£1,000	4.75% OY
Chelsea BS	Classic Postal	0800 171515	Instant	£25,000	6.00% Yy
			Instant	£25,000	6.25% Yy
OFFSHORE ACCOUNTS (Gross)					
Woodwich Guernsey Ltd	International	0481 715735	Instant	£500	8.75% Yy
Portman CI Ltd	Fixed Int Bond	0481 822747	1 Yr Bd	£500	6.00%F OM
Confederation Bank (J'rey)	Flexible Int	0834 808260	60 Day	£10,000	8.30% Yy
Derbyshire (JOM) Ltd	90 Day	0824 823432	90 Day	£50,000	7.30% Yy
GUARANTEED INCOME BONDS (Net)					
Concorde Life FN		061 940 8343	1 Year	£2,000	4.30% Yy
NatWest Life FN		0272 404090	2 Year	£5,000	4.85% Yy
NatWest Life FN		0272 404090	3 Year	£5,000	5.50% Yy
NatWest Life FN		0272 404090	4 Year	£5,000	5.85% Yy
NatWest Life FN		0272 404090	5 Year	£5,000	6.25% Yy
NATIONAL SAVINGS A/c's & BONDS (Gross)					
	Investment A/C		1 Month	£20	5.25% Yy
	Income Bonds		3 Month	£2,000	6.50% My
	Capital Bonds H		5 Year	£100	7.25%F OM
	First Option Bond		12 Month	£1,000	6.00%F OM
	Pensioners GIB		5 Year	£500	7.00%F My
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MINDING YOUR OWN BUSINESS

Hi-tech tomatoes come to the rescue

In the last days of the second world war 15-year-old John Drew drove a team of shire horses on the fertile slopes above the village of Little Witley near Worcester.

Today the same land produces some of the most hi-tech tomatoes in the country - but the tomatoes never actually see soil.

They are grown in glasshouses in liquid using a system called hydroponics, and computers control the watering.

In the past 50 years, Drew has grown a variety of vegetables, salad crops and flowers on the now redundant soil beneath his glasshouses.

But two years ago the outlook turned bleak: a net profit of £703 on a turnover of £236,000 meant something had to change. What changed was the crop. Drew decided to produce only cherry tomatoes and things started to look up.

"Last year was the first time for 10 years that our bank account actually entered the black for a short period," said Drew. It soon entered the red again when Drew, 65, and his partners - wife Mavis and son Paul, 36 - installed a £53,000 half-acre glasshouse and a £5,000 watering plant to expand their output for one of their three customers, J. Sainsbury, the supermarket chain. Safeways and William Low, the northern supermarket, are the others.

The crop is picked and packaged by a staff that varies from seven at the time of the year, when the tomatoes are just ripening, to 15 in the summer.

The business - still known by its original name of Haven Nurseries - is barely recognisable from the one that produced fruit, vegetable and salad crops on two acres at the bottom of the hill in the early 1950s.

"In those days we worked extremely hard taking produce to the Birmingham market at 5am, three days a week," said Drew. "But life was straightforward then. If you worked hard, and produced good crops, you made a good profit. As a plain country bloke who left school at 15 it seemed simple to me. How things have changed."

John and Mavis built glasshouses and increased the number of crops they grew. The business expanded naturally from profits.

"It seems amazing nowadays but we managed without borrowing until 1974," he continued. In that year, they borrowed £2,800 to buy the four acres on the hillside site where their house and main glasshouses now stand.

"We then used our newly-acquired overdraft to add our biggest glasshouse yet. The price was £3,900. All seemed well, so we kept on putting in glass and growing mainly lettuce and tomatoes. In 1976, when we added another big glasshouse, things were still rosy, and we were sometimes able to get up to 50 per cent of the glasshouse cost back using government grants.

"It was when these grants ended, plus the crucial decision to put in heat, which immediately added to

those growing roses and carnations - were going out of business."

The Drews first grew a few cherry tomatoes in 1985. John had heard about other growers' successes, and also of the plant's profitability. However, a poor 1986 season plus a mounting overdraft stopped his plans to expand. He was able to salvage his cash flow when he changed from oil to coal and negotiated fixed price contracts with British Coal.

Drew went on: "By 1990 Chrysanthemum prices on the wholesale market were lower than 10 years previously."

"The decision to switch entirely to cherry tomatoes was made in 1991. They already devoted 1½ acres to cherry tomatoes and they were showing a profit. But the overdraft was up to £120,000 and the bank was not happy."

"The only way was forward," said Drew. "We had been here all our lives, and nobody would have wanted to buy the business at that time as so many others were in the same boat."

"However, we urgently needed another £30,000 to replace a glasshouse and to computerise all our cherry tomato production processes. "We got the money. Fortunately we had a few savings, and our main suppliers agreed to extend their period of credit from 30 to 60 days. We honoured the new agreements but the upshot was that once all the new equipment was in place we had to re-establish ourselves as customers. In future we knew we had to pay up front, which meant another massive cash flow crisis."

The Drews put their case to the Agricultural Mortgage Corporation which agreed to advance £25,000 over 10 years at a fixed rate of 8.5 per cent.

"We are now back to our agreed £30,000 bank overdraft, and profit at the end of 1993 was £75,000 on a turnover of £508,000," said Drew. "I don't think it is marvellous as it merely reflects the higher value crop. But it is a great improvement on the last few years and I am pleased we had the confidence to invest in the new half-acre glasshouse."

Haven Nurseries, Bank Road, Little Witley, Worcs. WR6 6LS. 0836-888674.

Clive Fewins on a business that is enjoying its own green shoots of recovery

our overdraft by £30,000, that things began to get tight. However, we still managed to add another half acre of glass.

"But it was the end of the 1970s and interest rates had begun to rocket. We were caught repaying borrowed money at rates of up to 17 per cent. To try and counter this we added chrysanthemums to our list of crops and decided to grow them in a big way. We planted up to 20,000 cuttings a week. We saw chrysanthemums as our salvation as they gave us an alternative crop 48 weeks of the year. There was healthy demand and a good good wholesale market. We increased our staff and took on five full-timers, which added to the overdraft."

By 1980 the Drews had 3½ acres under glass and half an acre under a polythene tunnel, but things remained far from healthy.

"The Dutch were benefiting from much cheaper fuel, which gave them a big price advantage, and we found increasingly that imports from Spain, the Canary Islands, Israel and even Colombia were hitting prices," Drew said. "Other flower producers - particularly



You say tomato: John Drew with the crop that put his business back into profit

Yes, I was a Cybervirgin

Continued from Page 1

Another said: "Internet is a drug. You can pour your heart out to people you'll never meet... it's like a practice zone for real life."

The Net has tremendous practical uses. Teachers in remote areas can compare lesson plans and academics can swap research findings. Diane Williams, of the Technology in Education project at Harvard Graduate School, says: "Through Internet I have been able to discuss ideas with colleagues in Milan, Tasmania and London and get existing models which I can then adapt." She believes Internet will soon offer virtual classrooms for rural or homebound students. Businessmen find it invaluable for comparing conditions in China, exploring investment partners, swapping tips on office management and even marketing products.

Describing Internet as the "world's largest ad hocery", Oliver Strimpel, executive director of the Computer Museum, says: "We are seeing a fundamental change in the nature and control of information." Ironically, for something so anarchic, its origins lie in military thinking. It was developed as a communications network for the Pentagon able to withstand nuclear attack. It has no central command and messages are chopped into small packets of data, routed by the network then reassembled at their destination.

If any part of the system is wiped out the message simply takes another route. During the attempted putsch against Gorbachev in 1991 its Russian counterpart Glasnet kept feeding information to the west and proved impossible for the coup's perpetrators to block.

While this lack of any central hierarchy - there is no "Internet Inc" - is in some sense its glory, it also means there is no one to take responsibility for abuses or the proliferation of pornography. This month a Boston man was charged with abducting a young boy he is alleged to have lured through Internet.

There is another concern. Cables which bring information into the home can also take it out. Marc Rotenberg, of Washington-based Computer Professionals for Social Responsibility, says: "While

Internet is a great opportunity we are worried about the potential loss of privacy and the Orwellian spectre that government could monitor all communication." His organisation is fighting US government proposals which would enable federal agencies to wiretap the information infrastructure without needing court orders.

As the precursor of the inter-active world of the much-heralded Information Superhighway, it is not clear what the final shape of Internet will be. As federal funding is phased out it will probably be privatised. But, with the price of hardware tumbling and governments expected to force cable companies to provide cheap access, the most lucrative profits are likely to accrue to those feeding in material. A plethora of on-line services are springing up involving publishers such as Rupert Murdoch, stores such as Sears Roebuck, which see great potential for advertising their products, and telecommunication giants and computer companies such as IBM and Apple. Many newspapers are going on-line too - the San Jose Mercury, USA Today and the Washington Post.

One warning before you go electronic globetrotting - it is highly addictive. An advisable first reading is an E M Forster story *The Machine Stops*, which paints a chilling picture of a world without human interaction, all communications taking place through screens...

ACCESS TO INTERNET

Access to Internet through on-line services is becoming increasingly competitive in North America and Europe. Prices vary depending on the amount of usage and services offered. Some charge per hour on-line - others give unlimited time. For an individual wanting basic services for about 20 hours per month, expect to pay about £15 per month. Software is provided free but signing on does require a modem which costs about £100. Compuserve, one of the largest services, offers a one-month free trial. Comments to: lamb@hushc.harvard.edu

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

PERSPECTIVES

Skiing/Arnie Wilson Head for the hills in a helicopter

Affordable flights offer fresh views of the dramatic Dolomites

High in the mighty Dolomites, Danilo aimed the helicopter at a yawning cavity in the rockface of Sassolungo, the 10,431ft peak which towers above Val Gardena. Below us was a narrow, fear-some-looking snow-filled gully, known to locals as the Jaws of Death.

At any moment I expected Danilo to climb steeply but instead he kept going, squeezing the helicopter through the gap. Before we had caught our breath we were swooping low over another snow-filled gorge - and another could where only intrepid skiers dare to tread.

We continued to weave our way through the impossibly sheer giant walls and pinnacles of the rest of the Gruppo Sella range, swooping up the steep gully we were ourselves about to ski: the Val di Mesdi.

The unusual shape of the Dolomites - gigantic, often vertical slabs of granite - produces a dramatic contrast in the sky terrain. The off-piste chutes and gullies are challenging, some seriously so. They are also pretty inaccessible. If, like the majority of skiers, you ski round the Dolomites, rather than down them, the pistes are, by and large, fairly gentle. In good weather, the Sella Ronda tour, a day-long circuit from resort to resort of 20 miles or so, depending on your route, is a delight.

Little mountain villages and towns such as Cortina, Corvara, Canazei, and Arabba drift past you all day as you ski from hut to hut, chair and gondola to cable car (there are more than 200 lifts to choose from), pausing at one of scores

of mountain restaurants and huts for lunch or refreshment.

What makes the tour so enjoyable are the ever-changing mountain vistas. The towering massifs create an almost prehistoric scene. Yet skiers on this whistle-stop tour between the Sella, Pordoi, Campolongo and Gardena passes probably give little thought to what might lurk above them in the craggy heights.

Those who like their runs a little tougher hike up on skins to find out. Now you can do it the easy way: hitch a ride on a helicopter.

The Val di Mesdi run is certainly not as challenging as the Jaws of Death but still daunting for the average recreational skier.

It starts at 9,280ft on the rim of a craggy inverted archway near the summit of Sassolungo, another of the towering peaks in the Gruppo Sella, which dominates the Selva skyline.

Technically the run is no more serious than Verbier's Mont Fort or the Swiss Wall at Avoriaz.

What makes it challenging psychologically is its comparative narrowness and the colossal impact of the sheer walls of dolomite which enclose you in their mighty embrace.

Fear grabs in the few seconds before you take the plunge, and then you are lost in the exhilaration, wonder and sweet shock of the descent. One turn at a time you thread your way down, a tiny speck of humanity in an impossibly huge landscape.

The scenery was so overwhelming that at one stage, Amin, our Bladen Lines minder, lay on the snow and gazed trance-like into the sky.



A prehistoric arena: gigantic slabs of granite forming the Dolomites above Canazei

FT Round the World Ski Expedition

Arnie Wilson and Lucy Dicker are trying to ski every day of 1994 on a round-the-world expedition. Arnie writes: Although Lucy prefers Margaritas and soul to glühwein and yodeling, Austria feels like home after 2½ months in the US.

Apart from some wintry weather in Söll and Westendorf, where we skied in a couple of hillyards, the skiing has been blissfully warm and the scenery superb. The hills and mountains of the Tyrol are alive with the sounds and

smells of spring.

Skiing in low resorts such as Kitzbühel and Igls is all but over, but the snow is still good in Obergurgl, Mayrhofen and Axamer Lizum.

And in Alpbach we enjoyed a near-perfect day.

From where I was perched hundreds of feet above I thought he had fallen.

"Are you OK?" I yelled. My words came back at me in a giant echo, punctuated by the sounds of small stones falling from the battlements somewhere in the heavens above us.

When we finally reached Cortina, we had descended well over 4,000 vertical feet for a mere £30,000 (£35) each.

Heliskiing - at least a single drop - need no longer be expensive.

Previously, if you wanted to try this hitherto elitist sport,

you had to sign up for a week, or at the very least a day, of flights. In Italy's Dolomites, more and more small outfits are offering single drops at realistic prices.

An inexpensive helicopter ride means that skiers whose only concern used to be whether to ski the Sella Ronda in a clockwise or an anti-clockwise direction can now get a breathtaking new perspective on the mountains they know so well from below.

They do not have to ski the Jaws of Death or even the Val di Mesdi - or even ski at all. They can just stay in the helicopter and gaze down at the circuit from the air.

A single helicopter lift can have all the joy of a single glass of champagne: while the rest of the bottle would be wonderful, the first glass is the one that really hits the spot.

■ Arnie Wilson's visit to Selva was organised by Bladen Lines, 56/58 Putney High Street, London SW15 1SF. Tel: 081-785 3131

This is Germany calling...

Once they were the big guns in the front line of the cold war, hurling salvos of propaganda into the airwaves across the east-west divide.

Now, 4½ years after the fall of the Berlin wall, broadcasters from the two big radio stations, which fought for the hearts and minds of Germans across the divided city, are supposed to be on the same side.

But the old antagonism dies hard, and their recent struggles show some of the difficulties of integrating the former East and West Germans.

During the cold war, Berlin was at the centre of the battle of the airwaves between the two great powers. The US established Radio Free Europe and Radio Liberty, with headquarters in Munich, Bavaria, to beam news, current affairs and music across the Iron Curtain. The Soviet Union retaliated with dozens of propaganda language services.

After years of heated debate about the future of these relics of the cold war, a national radio station has been created in Cologne, the first in Germany since the second world war. It began broadcasting on new year's day.

But even if the new Deutschland Radio, is national, it certainly has not achieved unity among the broadcasting staff of formerly warring stations.

Deutschland Radio was intended to combine three radio stations with extremely different histories: Rias (Radio in the American Sector), based in west Berlin; DS Kultur, set up in east Berlin after the dismantling of the Wall; and Deutschlandfunk, set up by the Bonn government in Cologne during the years of a divided Germany.

In cold-war Berlin there were two radio stations: Rias in the west, and Stimme der DDR, Voice of the German Democratic Republic. They broadcast every minute of the day from opposite sides of the Wall.

Stimme der DDR tried to monopolise the airwaves throughout eastern Germany, while across Berlin the US-backed Rias station kept alive the hopes of reunification with powerful transmitters, among west and east Berliners.

But the night in November 1989, when at last the Wall came down, was not just a glorious victory for the ideology of Rias, it also removed the main reason for the station's existence.

Stefried Buschschlüter, director of programmes at Rias since 1988, said his station was deluged with letters from listeners in eastern Germany, able at last to communicate without fear of interception by the Stasi, the East German

secret police.

A few miles away the same event brought a bewildering sense of disorientation for staff in the East German station. Stimme der DDR was losing its voice.

"The events were overwhelming. What could we do?" said Monika Künzl, who for five years had worked at Stimme's radio drama department. She said that between November and mid-1990, Stimme's headquarters underwent its own revolution: the long, wide corridors echoed to the sound of people rushing to create a new, democratic radio station for the people of eastern Germany.

Scores of producers, technicians and staff left, aware that their Stasi past would catch up with them. Those who remained broke up the old broadcasting structure and set up four new stations. Only one

Judy Dempsey on how former rival radio stations are struggling to work together in unified Germany

survived: Deutschlandsender Kultur, or DS Kultur.

"It was a time of traumatic change, but also a time of genuine democracy for us when we formally set up DS Kultur in June 1990," explained Künzl, who was elected by the staff as the station's first director.

"We had to adapt to so much. Finding money. Coping with a new system. Getting the right to broadcast. Understanding new laws, and above all, addressing the impact of unification on our lives. We wanted DS Kultur to be the new voice for the eastern Germans, to reflect this sense of incredible change."

The station, with its staff of 180, organised the network in such a way that its audience of 60,000 - mostly east Berliners - would have classical music 24 hours a day interspersed with documentaries and discussions focusing on the problems thrown up by unification.

But its days were numbered. Buschschlüter said: "There was little chance that DS Kultur would survive as a separate station because of the Staatsvertrag, or state treaty, which said the former east German radio stations and television would have to be dissolved."

However, the prime ministers from all 16 states decided to set up a new radio station which would replace Rias and DS Kultur. After all, both stations had lost their raison d'être, he said.

Deutschlandfunk and Rias,

on the other hand, had much in common. They shared the same aim of keeping alive the possibility of unification of the Germans; both stations were financed by the state - with Rias receiving some support from the US; but each had a different audience. Rias homed in on Berlin and other parts of eastern Germany; Deutschlandfunk captured parts of western and southern eastern Germany.

And so, on new year's day, Deutschland Radio, an amalgam of Rias, DS Kultur and Deutschlandfunk, began broadcasting with a DM300m (£117m) annual budget financed through a public licence fee of 75 pfennigs (35p) a month.

But already programme makers in Cologne's Deutschlandfunk are unhappy. They say they can work with Rias, but not with the DS Kultur programme, which they accuse of elitism. The Cologne station has also refused to use Deutschland Radio as its new signature title and has declined to take staff from Berlin to ease the integration of westerners and easterners and to promote a genuine national broadcasting service.

Detmar Grames, programme director of Deutschlandfunk, says the Berliners do not want to move. "It's that typical attitude of the Berliners, complaining that Cologne is too far. Only three of the DS Kultur people have joined us."

Buschschlüter hits back by saying: "Cologne has not opened its doors to Rias or to the people from DS Kultur. Cologne has made no compromises. They act as if nothing has changed since unification."

"It reflects the attitude from Bonn/Cologne about moving the government to Berlin. These people do not want any change. It wants to preserve the status quo ante-1989."

The listeners are disorientated too: in the mornings, they hear Rias's old programme - news and current affairs, along with easy-listening music - and in the early afternoon, DS Kultur, a classical station, takes over.

Despite the bickering, which barely conceals the tensions of unification, Buschschlüter and Künzl recognise that the real issue is listeners. "We have to integrate the two Berlin stations and hold on to our listeners," said Buschschlüter. "We have to make this new station work on a truly national basis," he added.

"There is a chance to make something new and truly united with easterners and westerners pulling together to make this national network succeed," said Künzl.

"It means we will all have to integrate, even though the easterners might feel they have lost their voice in the process."



SAVONLINNA FESTIVAL

AN OPERA AND BALLET WEEKEND IN JULY

East Finland in summer, when the sun is warm and the chains of lakes and forested islands glitter, is one of earth's wonderful places and opera there, in the courtyard of Olavinlinna castle at Savonlinna, with its stony grandeur of facade and excellent acoustics, seems to become an entirely natural pursuit.

Savonlinna, described by Max Loppert in the FT some years ago.

The Financial Times invites our readers to join us for a weekend of opera and ballet at Olavinlinna Castle in July. The Castle, one of the best preserved fortresses in the Nordic countries, is a magical setting for the Hungarian State Opera & Ballet productions of Spartacus and Salome.

In the gripping Strauss opera, Salome, see the timeless themes of power, innocence and decline of morality run their bitter course. Watch the predominantly male ballet, Spartacus, with its dramatic battles scenes, solos and duets - the castle an apt setting.

We have arranged flights with Finnair. You will be driven from the airport to the first class Hotel Töht for a three night stay. Our suggested itinerary can be adjusted to fit in with your plans, and required departure airport.

RSVP by completing the coupon opposite. We hope you can join us in Savonlinna.

SUGGESTED ITINERARY

Thursday 28th July
Fly London/Heathrow to Savonlinna via Helsinki on Finnair departing at 10.30am, arriving 6.25pm. Transfer to the Hotel Töht.

Friday 29th July
Morning sightseeing tour with a local guide. Afternoon at leisure. Evening opera performance of Salome.

Saturday 30th July
Day at leisure to explore the town of Savonlinna. Evening ballet performance of Spartacus.

Sunday 31st July
Transfer to Savonlinna Airport for Finnair flight via Helsinki departing 1.55pm, arriving London Heathrow 6.10pm.

Holiday cost £729 Single room supplement £78 Insurance premium £15 Prices are per person sharing a twin room with bath and wc, on a bed and breakfast basis, scheduled air travel by Finnair, excellent ground opera and ballet tickets.

Alternative flights (date or departure airport) can be quoted on request. All elements of this invitation are subject to availability.

This tour is organized on behalf of the Financial Times by J.M.R. Travel Consultants Ltd, specialists in opera tours.

Addresses supplied by readers in response to this invitation will be retained by the Financial Times, which is registered under the Data Protection Act 1984.

SAVONLINNA FESTIVAL

Tel: Louise Gordon-Powell, Financial Times, Number One Southbank Bridge, London SE1 9HL. Tel: 0800 426236 Fax: 071-673 3072.

Please send me full details of the FT invitation to the Savonlinna Festival (I wish to fly from Heathrow or (please state alternative airport))

Title _____ Initials _____ Surname _____

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Despatches/Will Dawkins

Tokyo village is fun city

Apart from being the size of a small house, it looked like a white-mantled sumo wrestler, round haunches hunkered down on the pavement. It was a giant snowman with neon lights flashing around its head as children tumbled over its ample lap. A fine mist silted from the shoulders, for the air was not only humid but unbearably hot.

For this was no Alpine mid-winter festival but a late summer street party in central Tokyo to celebrate o-bon, when the Japanese are supposed to worship their ancestors - and have a good knees-up at the same time. The snowman had spent the past few months preserved, doubtless at huge cost, in an underground freezer in the mountains.

That morning, it had made the journey to Tokyo in the back of a van to advertise the ski resort where it had been made the previous winter. A few hours later, it had melted, the only trace a muddy puddle reflecting glimmers of neon.

What does this tell you about Tokyo? It told me, a new arrival after four years in Paris, that certain French politicians have got it all wrong about the Japanese - or, at least, about the Tokyo-ites.

On first meeting, the people of Tokyo do not resemble an army of worker ants, as one former French prime minister maintained. On the contrary, this is a capital that knows how to have fun, even in the middle of recession.

A look at Tokyo's ever-changing skyline, only slightly more enduring than summer

snowmen, proves that this city has a finely developed sense of the eccentric.

Here, for example, are some landmarks on the drive from my flat into central Tokyo: a mock Tuscan palace (which does double duty as a wine bar and coffee centre); a two-storey advertisement hoarding of a silhouetted face with electric flashing eyes; and a galleon stranded on top of an office block. If I continue to the flesh-coloured, condom-shaped building that advertises a brand of rubber, then I have

gone too far. Quite a change from the Champs Elysees.

This is no aut heap; far from it. In fact, Tokyo is not even a city. It is more like an agglomeration of thousands of small villages, bound together loosely by expressways. In between these, there is a hopeless maze of tiny, one-way lanes. It makes for pleasant residential living - so long as you can find the way to your flat.

Some critics claim that the road system is a hidden trade barrier to keep foreigners at bay. The problem with that theory is that many of the road signs are in English (not much help), and even Tokyo taxi drivers find it seriously difficult to get around.

My own guess is that the road system is an industrial policy in favour of telecommunications companies. Visitors

are routinely sent faces showing the route. Rich Tokyo-ites take a mobile telephone in the car, head in the general direction of their meeting and ring for directions once in the area.

The telecom companies must make a fortune.

Whatever the explanation, why change? Tokyo-ites appear to like their village life - and with reason, because Tokyo's village qualities make it what must be one of the least threatening cities in the world. The local newspapers carry little few stories about

burnable rubbish separately, a laudable but little-observed rule. This provoked an outcry on two fronts. Residents did not want to be identified individually with their empty take-away tempura boxes, while bag-makers complained that they could not switch production from black to transparent sacks in time.

The city council climbed down and gave residents three months before they had to buy new sacks, showing that consensus, that vital ingredient of village life, is still alive in modern Tokyo.

Of course, Tokyo has a fair sprinkling of its own brand of urban vices. An example is a distressing recent development in the Japanese fondness for vending machines (from which most necessities and some non-necessities, ranging from compact discs to fresh flowers, can be obtained). Used female underwear, sold at ¥3,000 (£19) apiece, is the latest marketing trick devised by a vending machine owner in Shibuya, apparently with great initial success.

That is, until the local authority clamped down after complaints from residents. Nothing in Japanese laws on public morality outlaws such trade. But that did not deter the local council. It turned, instead, an enduring debate on waste disposal has been a big running story lately.

It began with a fumbled attempt by the city council to force people to put out rubbish in personally-named transparent plastic bags. The aim was to ensure that residents bagged burnable and non-

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PERSPECTIVES

As They Say in Europe / James Morgan

'Traditions' that mean nothing

A writer in the *Spectator* magazine the other day told of what happened when he entertained Enoch Powell, the former Conservative cabinet minister, at a meeting of a local Tory party association. (Readers outside Britain should know that Powell used to be a Tory but fell out with them and went on to represent the Ulster Unionists in parliament. He is renowned for his penetrating intellect.)

To quote the article: "Each time Mr Powell made a remark critical of the government, he was applauded incontinently. When a man stood up to announce he would be standing as an anti-federalist, against a Tory candidate, in June's Euro-elections, the ovation from his fellow Conservatives verged on the hysterical. There are pockets of Toryism flourishing and vibrant in Britain today. Sadly for Mr Major [the Prime Minister], they are unrelated to the government."

The writer added: "Given the attitude of those who run the party now, I had better not say which Conservative association played host." This is understandable: faced with the prospect of a confrontation with that Himmler of the Tory party, chairman Sir Norman Fowler, the most vibrant right-wing blood runs cold.

Fortunately, I have uncovered details of the meeting. It was held just outside Ewell, Surrey, in the function room of Ye Olde Cocke House Inn, which stands between the Wok-on-By Chinese restaurant and a kitchenware shop called Hôte Cuisine. There was a delicious meal (breaded scampi on a bed of lettuce

"garnished with all the trimmings").

The debate on the European Union was followed by a heated discussion led by Powell on another subject dear to his heart: the menace of coloured immigration. It included his famous exposé of how Shakespeare's works had been written by a group of Elizabethan courtiers.

I have spent much time burrowing through Europe's newspapers to see if lesser nations can produce anything to match this very English occasion. But their acceptance of the integration of Europe, and the suffocation of their own traditions, remains remarkable,

partly because they do not believe that is what is occurring.

Instead, they share a belief in a need for an authority to make rules to create that "level playing field" so beloved of British politicians and which can make a single market work. That those employed in that authority are sometimes incompetent, corrupt, arrogant and stupid in no way distinguishes them from officials in the various national capitals.

There is also a belief that the process of enlargement makes the system harder to operate, and a conclusion that the present British attempt to lower the proportion of votes needed for a veto is meant to

ensure no decisions are taken at all. But, even then, there is not that moral outrage which characterises the British debate.

There is certainly no equivalent of the Eurosceptic fury over the destruction wrought on a thousand years of constitutional perfection. Perhaps it is because these nations enjoy no such tradition. No chaps in tight opening their parliaments. No national leaders giving clear answers during the remorseless probing of prime minister's question time. There is no hysterical concern with the sexual incontinence of gentlemen in leading positions, either.

Britain, the land that was once

known for its phlegm and sangfroid is now in the grip of inexplicable obsessions. And those UK newspapers which make most of the trifling peccadilloes of public figures are also those in which Euroscepticism is most pronounced.

I must thank Fernando Vallespin, a writer in *El País* of Madrid, for explaining why. He was struck by the difference in attitudes towards sexual misdeeds in Britain and the US, on the one hand, and Brazil and Austria, on the other. (The president of the former behaved in an unseemly manner during the carnival in Rio; the activities of Austria's president were documented here last month.)

There is, says Vallespin, "a connection which almost always exists between repressive societies and liberal states". Economic liberalism, he argues, is connected with capitalism in such a way that it presupposes the promotion of self-interest.

As a result, a liberal state has to impose artificial rules to replace the glue that exists in traditional systems. There rules are broken easily without society falling to bits. Britain is no more a traditional society than Ye Olde Cocke House is a traditional inn. Its rules bind private and public morality in a seamless, brittle whole.

So it is, I deduce, that European integration generates moral explosions in Britain: European integration is penetration by Europe. As Vallespin noted: "One must not forget that Adam Smith was as much a moral philosopher as an economist."

James Morgan is economics correspondent of the BBC World Service.



The changing face of The Lady, gentlewoman of the world of women's magazines. It intends to give its readers no cause to frown

That's no way to treat a Lady – or is it?

Alerted by the rattle of teacups in the home counties, Rachel Johnson hears about changes to a very English institution

It is a story to which only Barbara Pym, or perhaps Joanna Trollope, could do full justice. No Agatha, it concerns *The Lady*, that gentlewoman of the racy world of female magazines, and the fluster that is attending her belated arrival into the 20th century.

While other women's magazines compete ever more vigorously to reveal the secrets of sexual attractiveness or style and accoutrements of the modern woman, *The Lady*'s imagined reader sits, needlepoint forgotten on her lap, dog at her feet, curtains drawn tightly against the mild home counties night. Gripped by the latest instalment of *The Rectory's Wife*, she barely feels tired after a hectic day. Church flower role. Help the Aged lunch and the health club have all lent a glow to cheeks already weathered by daily gardening.

At first glance, *The Lady* has barely changed direction since the 19th century.

"*The Lady* will be essentially English, and the subjects will be treated from an English point of view," the first issue declared in 1885. Its aim, "to provide information without dullness (sic), and

entertainment without vulgarity; and to be at once useful and necessary without ceasing to be bright and lively."

But appearances can be deceptive. Although the magazine is English and genteel as ever – its mix of household tips, recipes, fashion, gardening and acres of classified nanny-to-cottage advertisements remain intact – changes are afoot.

The first edition of *The Lady* was launched in 1885 by Thomas Gibson Bowles, the proprietor and editor of *Vanity Fair*. His elder daughter, Sydney, became Lady Redesdale and mother of the Mitford sisters, and her governess became editor for 30 years.

The magazine remains in the hands of the Bowles family, and there have been only eight editors in its history. Since 1981, when Bowles sold its unlikely stablemate *Vanity Fair*, *The Lady* has occupied the same corner offices at 39 and 40 Bedford Street, London. Decked out in a library of mahogany panelling and eau-de-nil paint trim, the building sticks out like a Merchant Ivory film set among the diners and hamburger joints of Covent Garden.

But when the wind is blowing a certain way, the 20th century

intrudes and *The Lady*'s fragrant flower-filled offices reek of fat from the kitchens of neighbouring Fat-Boy's Diner.

The wind is blowing that way today. Three years ago a new editor arrived, Arline Usden, from the racy world of *Woman* magazine, where she was beauty editor, and *Successful Woman*, where she was editor. Joan Crabtree, the seventh editor, was due for retirement after

for 30 years – and his assistant, David Richards.

In a cautious interview, at which a secretary takes notes, Bulloch makes one thing clear: the changes Usden has introduced will be quite sufficient for the time being.

She appointed an arts editor staff writer, a home economist, introduced spots of colour in food and fashion spreads, and changed the covers. Although *The Lady* is still

special offer – from Wellington boots to a three-tier steamer.

Her innovations include more features and a "Favourite Things" column at the back, for celebrities with granny appeal, such as Nigel Havers, to reveal their fondness for roast chicken and gardening.

All very innocuous, one might think. But Usden wants to go further. The magazine opens, and always has, with more than 20

pages of small advertisements. Usden wants to banish the classified adverts to the back, institute proper contents on page 3, and introduce full colour. But the old guard wants the advertisements to remain to the fore and wants to keep *The Lady*'s editorial content as traditional as possible, and ensure that Polson's cornflour, Sunlight Soap and Cash's nametapes advertise in 1995 as they did in 1885.

"We are very schizophrenic. Our readers divide into those who buy it for the ads and who don't read the magazine and those who buy it for the ads," says Usden.

For it is undoubtedly to *The Lady* that those seeking nannies, housekeepers, companions – and even housemen and butlers – turn. According to a Reading University survey, more than a third of high-earning families in some areas employed either a cleaner or a nanny.

Usden does not undervalue the advertisements, but she wants to make *The Lady* competitive with other magazines in appearance and content. "We are the only magazine without full colour," she sighs.

So it will be *The Lady* readers who decide. The doughty gentlewoman of the home counties, who subscribe and write letters, the magazine's most famous feature.

Amanda Dukes has been editing these gems – around 100 of them a week – for several years. A typical spread will kick off with a letter asking for a recipe for lamb stew (to which a Meat Marketing Board recipe will be offered), and continue with household tips (how to remove candlewax from velvet curtains) and "where can I get..."

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'We don't do things on sex and women's insides. Our readers aren't interested in how many orgasms you've had this week'

being in the job since 1971 but died during the crossover fortnight that followed Usden's appointment.

"It didn't have a layout. It didn't have an art department. It didn't have an editorial structure. It had girls, not necessarily trained, throwing things on pages," said Usden, throwing a nervous glance towards her open office door.

Her bosses are Ron Bulloch, the white-haired general manager of 20 years – an average stint on *The Lady*, where the head of the classified ads has been in the same job

the only magazine on the rack to feature a vase of daffodils on its front. The covers are brighter and better photographed than they used to be.

She made the pagination more suitable for a weekly than an annual. The magazine used to start in Roman numerals, for the classified ads, until the contents page, when it would lurch to page 353 (if it was August). Current editions start at page one and proceed from there until the inside cover at around page 80: always the reader

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Motoring/Stuart Marshall

When only shire horses will do

An on/off-road, four-wheel drive turned into an executive express sounds improbable. But no more so, I suppose, than the transformation of a redundant barn, east house or stable block into a desirable residence – and south-east England is now dotted with them.

If you fancy using such a vehicle as a business car, go for a Range Rover converted by a small company called Overfinch. One I used for a wintery week recently was by far the best Range Rover I have driven.

The Overfinch version had been given an engine transplant. Out went the 4.3-litre Rover V8; in went a General Motors 5.7-litre V8. These days it is politically (for which read environmentally) incorrect to say so – but, if you are after truly reliable high performance, there is no substitute for litres.

The GM V8 delivers 284 horsepower and 344lb/ft of torque, a measure of pulling

power at a given engine speed. For sheer brawn, it makes the largest-engined standard Range Rover, the 4.278cc LSE (200bhp and 250lb/ft of torque), feel almost a weakling.

At 80mph (128kph) and 3,000rpm, the cabin was quiet enough for enjoyable Classic FM listening. On non-motor-

way journeys, overtaking was instant and, therefore, safe.

A prod with the right toe slipped the automatic transmission into third. With a bull-like bellow, the two-ton machine hurtled forward, all-wheel drive keeping the Avon Turbospeed tyres gripping on wet surfaces.

Handling and ride comfort stood comparison with that of a normal executive saloon.

But, realistically, no tweaks (however clever) can make two heavy beam axles behave like fully independent suspension.

So, although it did not wobble on corners, the Overfinch Range Rover's lofty body leaned a bit if a roundabout was taken quickly. Potholes did not pass unnoticed, either.

As I sat straight-backed on fragrant Connolly hide, enjoying a horseman's view of the countryside, I felt as though I were driving a very short wheelbase Bentley Turbo R or a high-off-the-ground Aston Martin V8.

High speed, road-pattern tyres, and reduced ground clearance and axle articulation make an Overfinch Range Rover unsuitable for rough and muddy terrain – where few of

its kind venture, anyway. It would, though, do nicely for getting out of slithering car parks at race meetings.

A full conversion – engine transplant, modified running gear and steering, Recaro sports seats and some nicely understated cosmetic changes – costs a little over £18,000. A brand-new Overfinch Range Rover Vogue SE will leave little change out of £55,000, which is barely more than half the price of the cheapest Bentley and less than a third of an Aston Martin Virage shooting brake.

Overfinch, however, will do the same work on the cheaper Land Rover Discovery, mechanically the Range Rover's twin brother. Nor need you start with a new host vehicle. One up to six years old can be tackled if in generally good fettle.

I have said often that I could not see much point in using a beefy on/off-road 4x4 exclusively on tarmac, and the logic still escapes me. But the choice of road-going, four-wheel

driven automatic estate cars with really high performance is tiny.

There is an Audi 100 2.8E quattro and BMW 525i X Touring at list prices of £28,655 and £31,330 respectively, or a less prestigious but worthy Subaru Legacy 2.2 GX 4WD at a mere £15,999. But when nothing less than four-wheel drive, two pedals, shire horse muscle and a high seating position will do, it has to be the Overfinch.

If you can countenance a fuel consumption of 15.17mpg (18.9-16.6 l/100km) of super unleaded, call Overfinch on 0420-542 877. Not a word, please, to Friends of the Earth, but I promise you will find a 120mph (193kph), 0-60mph (9.6kph) in well under eight seconds Overfinch Range Rover one of today's really great drives.

A possible large-engined alternative, with smooth automatic transmission and unimpaired off-roadability, is the Chrysler Jeep Grand Cherokee. Its 5.2-litre V8 produces 212hp and 285 lbs/ft torque (more

than a standard 4.2-litre Range Rover, less than the Overfinch with the GM engine).

Now on sale in Britain at £27,995, it is a bargain. The price includes air-conditioning, anti-lock brakes, leather seats and power operation for almost everything. The snag is that, at

present, it comes only in left-hand drive.

Another possibility is Mitsubishi's latest Shogun 3.5-litre V6 (235.6bhp), which is in the same prestige, performance and price class as an off-the-peg Range Rover Vogue SE (£36,130).

motorway, flexible in traffic, eagerly responsive when required. Young (or just young in heart) business motorists used to driving mainly on their own would find one a nice change after several Granadas or Scorpios.



Ford raises the coupé stakes

At £19,350, the Ford Probe 24v, 2.5-litre V6 raises the sports coupé stakes. This elegant, Mazda-inspired and US-made three-door went on sale this week at prices undercutting those of most rivals. A 18v, two-litre version is

cheaper still at £15,995.

The Probe, Ford's first sports coupé since the Capri, has gone too far up-market to be called a Capri replacement. The 24v I drove last week was a swift although silky performer: quiet on the

motorway, flexible in traffic, eagerly responsive when required. Young (or just young in heart) business motorists used to driving mainly on their own would find one a nice change after several Granadas or Scorpios.

MOTORS

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ARTS

New lease of life for Waddesdon

Waddesdon Manor, a bizarre fantasy of French chateau architecture in the midst of the Buckinghamshire countryside, was the stately pleasure dome of Baron Ferdinand de Rothschild. Commissioned in 1874 from the architect Hippolyte Destailleur, it took 15 years to complete.

The situation, atop a pointed hill, was unpromising but the peak was sliced off and a huge artificial platform was erected to accommodate the house. A temporary railway was installed to bring the building materials from the nearest station at Quainton, four miles away, and was carried across viaducts in the garden known as "Tay Bridge". An entire "model" farm and dairy was also created. When the estate was completed, it appeared as if it had been there for centuries. The instant effect of permanence was achieved by the wholesale importation of thousands of already-mature trees and the bedding-out of plants in tens of thousands.

After a century, Waddesdon was in need of a face-lift, but what started out as a standard restoration by the National Trust, which owns the house and gardens, swiftly turned into the greatest revitalisation of a country-house estate in modern times. Six years ago, when he inherited neighbouring Elythorpe and the family interest in Waddesdon, which includes land and buildings on the estate, Lord Jacob Rothschild decided to direct his considerable energy and taste - and money - into transforming both house and grounds. The

ground floor and wine cellars can be seen from next Thursday when they open to the public.

The first floor, which opens next year, is being returned to two grand rooms, fitted out with 18th-century French panelling found in the Waddesdon stables and originally bought by Baron Ferdinand in Paris. The panels have been restored and fitted by French craftsmen brought in from Angers and Bordeaux, while the whole operation has been under the

Lord Rothschild invites the public to a permanent party, reports Robin Simon

architectural direction of Peter Inskip, assisted by Alain Gruber, the expert on French decorative arts.

Three new rooms have been formed to display the sensational Waddesdon collection of Sevres porcelain. That collection now includes the remarkable 1766 Starhemberg service which has never been seen in public before. Lord Rothschild is attempting to complete it by seeking out examples of the biscuit figures that would originally have formed the centrepiece of the service.

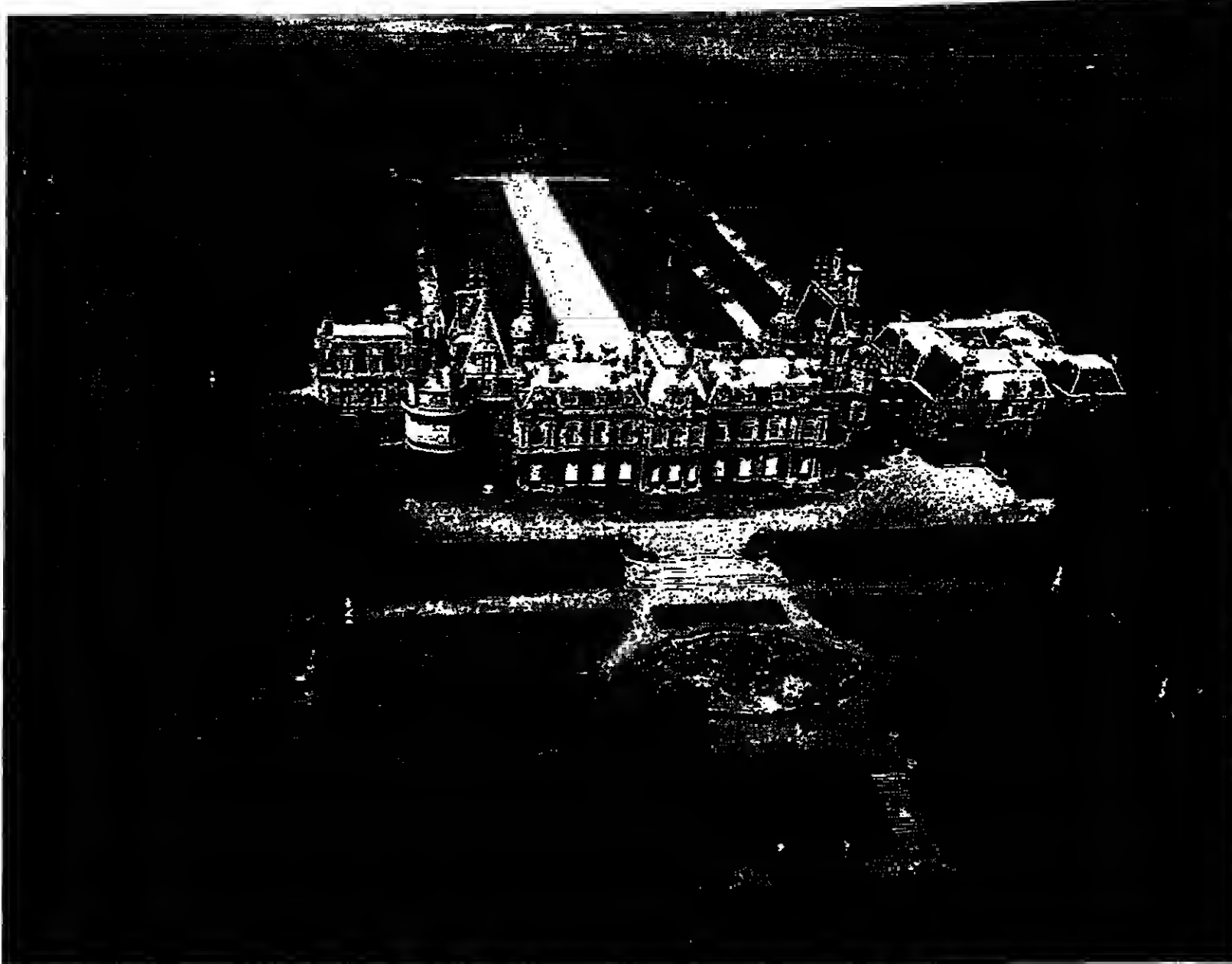
A separate exhibition space will be devoted to displays about the Rothschild family, featuring a specially commissioned painting of the family tree by Jean-Marc Winkler. This work traces the rise of the family from its origins in the ghetto of Frankfurt to the construction of 60 great houses

across Europe by the five branches of the family in the 19th century. Miriam Rothschild, adviser to Prince Charles on his wild-flower meadow at Highgrove, author of the seven-volume definitive catalogue of fleas, and writer of over 300 scientific papers, calls the family "the original EC". She adds, with characteristic pungency, that all the gigantic Rothschild houses had one thing in common: "Not a single member of my family had any taste whatsoever".

So much for the famed "gout Rothschild", which was, after all, a taste that defied taste. And, let's be frank, Waddesdon is anything but a model of good taste. It is packed with sensational treasures, furniture, tapestries, pictures and panelling, purchased promiscuously throughout Europe, with a special predilection for anything French, the more elaborately carved and gilded the better.

But Miriam Rothschild concedes that her nephew, Jacob, is an exception so far as the family's lack of taste is concerned and under his influence Waddesdon is assuming a more coherent shape. When the ground floor, which contains most of the pictures and furniture, opens next week there will be some surprises. For the first time visitors will see one of the largest masterpieces of French 18th-century furniture, an "armoire" by Bernard van Risamburgh, perhaps the most inspired of all cabinet-makers.

Waddesdon was always something of a display-case on a huge scale, but the house is now being brought back to life. The decision has been made to provide an impression of readiness for a house



An aerial view of Waddesdon, a monument to the Rothschild mania for building and collecting, part of which is being opened to the public next week

Signs

party in Baron Ferdinand's time, by reference to photographs in Baron Ferdinand's "Red Book" for 1897. Mercifully, for those who distrust the "faction" approach to the presentation of historic interiors, the additions necessary to achieve this effect were few: the laying of a dining table; the

recreation of some floral centrepieces.

Lord Rothschild has put the vast wine cellars back to use, adding facilities for tastings and entertainment, and featuring the Rothschild family's great wines. In a similar initiative, Baron Ferdinand's original dairy at the foot of the hill

has been transformed under Julian Bannerman into estate offices, a conference and entertainment centre, the exterior scrupulously restored.

Waddesdon's perilous similarity to seaside hotel architecture had not been helped by a diminished garden next to the house which had an uncon-

fortable air of a clock-golf circuit. With a scholarship from the Royal Botanical Gardens at Kew, Lord Rothschild's daughter Beth has supervised the recreation of the extraordinary "ribbon planting" that produced massive raised flowerbeds. These will be in keeping with the overweening facade

which survives as the outstanding monument to the Rothschild mania for building and collecting: a crazy romantic fiction of a French chateau of a type that never was.

■ Robin Simon is Editor of Apollo Magazine. The April issue of Apollo is dedicated to Waddesdon Manor.

I had thought that the definitive staging of Act V of *The Merchant of Venice* - the tricky garden scene in which lovers problems are resolved and no one even mentions Shylock - was achieved by Peter Hall in his 1989 staging.

But I watched Act V of the current West Yorkshire Playhouse *Merchant* with even more emotion and astonishment. Jude Kelly's staging keeps taking you by surprise, pushing hard against preconceptions, sending you back to re-examine the text. In this Act V, Shylock is by no means forgotten. This garden scene - the play is set circa 1620 - starts to come close to the garden of the Fuzzi-Continis, a temporary light which will soon be invaded. For Portia, remember, has married a man who, like his friends, is instantly anti-Semitic. She has learnt to practise the quality of mercy of which she spoke, as has Lorenzo. It is, however, by no means certain that their new enlightenment will prevail over Bassanio, Antonio, Salerio and Solanio. But racial prejudice is only one theme in this play, which has undercurrents: this staging hoists into the light. Above all, it re-tells the tale of Portia.

Portia, in a brilliantly intelligent and complex performance, is Nicola McAuliffe. Her first words are "By my troth, Nerissa, my little body is aware of this great world, and for once she really means it. So

Portia put into a new perspective

worldweary is she, so tired and angry at the fetters placed upon her by the conditions of her father's will, that she is swigging wine and firing an unloaded gun into her own mouth when first we see her. This is Portia as Dorothy Parker. She can still be Portia the great lady and Portia the dangerous wit - even Portia the huntress - but she achieves that poise only on the brink of despair. And she learns that her father is not the only man whose wishes will confront hers.

She is far more smitten with Bassanio than he with her. But love makes her quick to realise how bound up he is with Antonio, Antonio, Bassanio et al. inhabit a closely, men-only milieu in Venice; and the fact that she is dressing up as a man acquires immense irony. In the trial scene she hears Bassanio tell Antonio "Life itself, my wife, and all the world are out with me esteem'd above thy life". And, even after trumping Shylock with her superior command of the law, she still urges him "Prepare thee to cut off the flesh", not without a spasm of malice against Antonio. To

Shylock she is not vindictive, merely precise; and the more she observes him, the more reluctant she is to use the law against him.

The nastiest shock occurs at the end of this same scene. Antonio and her husband, treating her as "one of us", rush upon her with instant

Alastair Macaulay on 'The Merchant of Venice' and 'King Lear'

talk of love - as if to initiate her into their gay mafia. And so, when Bassanio finally gives up the ring he had from his wife as a present to this wonderboy lawyer, she is against. But the excellence of this staging lies not in individuals but in ensemble. No one delivers a single speech as if it were (mere) poetry; everything has its point. And no one addresses their lines out to the audience; everything is focused within the stage world.

heartbreak at his perfidy ("Even so void is your false heart of truth").

Though I have known this play for over 25 years, I followed all of this, and much else in this production, as if I never knew what would happen next. Several of the Venetian scenes occur in, or just outside, the Jewish ghetto. Not only Venice's Jews but also its black slaves (to whom Shylock refers at some length in the court scene) attend on several scenes. Shylock (Gary Wildhorn) is eloquent, as both oppressed and oppressor.

Bassanio (Richard Lintern) is sexually ambivalent - he exercises his charm on both Antonio and Portia in quite disturbingly similar ways - and Antonio (Michael Cashman, a dashing unsympathetic reading) is a buttoned-up misogynist smoothie who survives in terror of Shylock's knife. But the excellence of this staging lies not in individuals but in ensemble. No one delivers a single speech as if it were (mere) poetry; everything has its point. And no one addresses their lines out to the audience; everything is focused within the stage world.

Another company tackling Shakespeare for the second time has received rather more national attention, mainly because it is all-black. This is the Talawa Theatre Company, directed by Yvonne Brewster, but in its new *King Lear* it comes off considerably worse than in its 1991 *Antony and Cleopatra*. Lear and poor Tom do a little rap routine; a white plastic sheet lowers itself in stages on the proceedings; the play begins with, and returns to, amplified heavy breathing. Edmund, Edgar, and Gloucester seem to come from three utterly different backgrounds; and relaxed verse-speaking, despite some individually excellent feats of phrasing, is still a general problem.

The 39-year-old Ben Thomas (replacing Norman Beaton) is a most likeable actor, and so accomplished that he is the first Lear I have heard to bring off "Never never never never" as a lachrymose rather than trochaic (Edmund Wilson and Vladimir Nabokov corresponded with some intensity on this matter). He is too energetic and too sane to be King Lear, but he has great dignity, and is often revealing. He can fuse poetry and meaning wonderfully; the imagery of "birds in the cage" and "gilded butterflies", playing off each other in the same speech, acquired unusual beauty and poignancy. I hope he returns to the role, in a production more worthy of his mettle; and I hope he plays other, younger, Shakespearean roles soon.

The Merchant of Venice is in repertory at the West Yorkshire Playhouse, Leeds, until April 23; *King Lear* is at the Cocker Theatre, WCI, until April 16.

Middle-class mockery

They're back. After five years of sulking in their sequins Dillie Keane has reformed. Fascinating Aida, and sophisticated cabaret returns to our lives. The gap has been filled, almost manfully, by Kit and the Widow, and, with the boys also currently in town, London is remarkably soignée at the moment.

Sweet FA are reassuringly the same, with songs about the plight of the single girl constantly searching for the elusive network of single men, and on the waywardness of the modern world. And yet they are reassuringly different. The maverick Keane, with her face like a crumpled wedding cake, and long time partner Adele Anderson, with the voice that reaches down almost to the testosterone level, have been joined by Isy van Bandwyck, the Dutch treat.

It is a brave addition, for Isy is a skilled cabaret artist, with the voice of a brassy angel and an impish smile. There is an awful lot of temperament on stage now but on first sighting this is going to be the best song, and probably the most adventurous, FA yet. Dillie Keane has written around a dozen new songs which stay safely within the FA tradition. When three such independent women tear to pieces vociferous minorities in "Politically Correct" you know the movement is doomed; "Kiss and Tell" is equally scathing about cheque book adultery. But more welcome in the first half was a trio of serious songs, notably a tingling "Haunted" by Isy, which could become the popular hit that has always eluded Keane.

After the interval Fascinating Aida attempt slapstick, with the Trio Berserker from the East European state of

Legovia. It is broad, funny, and almost poignant as the women, with Dillie a drunken granny, sell their culture for the Yankee dollar.

It takes some time to get back into the mainstream, but after Keane has got her personal life sorted out (sort of) with "Back with You" and her political dreams dusted down with "Socialist Britain", FA can perform their anthem for the forlorn female, "Sew on a Sequin", with the necessary brio.

Throw in the encores, the (dodgy) costume changes, a set that would have charmed Liberman, the backchat, and the essential shade of desperation behind the bold fronts, and you have Fascinating Aida vigorously back on top. This is middle-class mockery at its most arch but if you like this sort of thing you will love it.

Antony Thornecroft

Not Weill done

In the long list of Kurt Weill works demanding revival, the anti-war satire *Johnny Johnson* stands near the top. As his first completely American music-theatre piece it occupies a special place in his output; for its heartfelt conviction it deserves a sympathetic staging. Alas, Thursday's eagerly anticipated production by Trinity College of Music's company A Moveable Feast fell far short of the mark.

The naive directness of *Johnny Johnson*, premiered on Broadway in 1936, makes it a child of its time. Weill had settled in New York the year before as a refugee from Nazi Germany, and yet he found it in him to espouse the pacifist message - the soldier Johnny tries to halt the first world war by dosing its generals with laughing gas - of his librettist Paul Green.

This performance at the Rudolf Steiner Theatre was billed as the "British premiere", perhaps because previous airings in London have been less than complete. There were cuts here too, though they were not to blame for the evening's lack of impact. Nothing of the score's pungency came across under the American conductor Rhonda Keas. She seemed content to beat time listlessly, and the 12-piece band responded with caution: all the numbers had a sameness about them.

Keas was also credited with the stage direction, though there was little to be seen. Her production relied on slapstick humour and hammy accents rather than mad-comic intensity. Pamela Glynn's minimal designs included flags, and maps of Flanders and France in the shape of headstones. At least Dawn Kellogg's costumes were effective.

The student performers deserved better guidance than they got. Johnny (Sean Sweeney) was miscast - he may have little to sing, but the poignant "Johnny's Song" needs a strong voice. Lianne-Marie Skrinari was touching as Johnny's sweetheart Minnie Belle, and David Watters turned in an effective cameo as the Cowboy in the trenches. *Johnny Johnson* still awaits a serious revival. Oddly, this production was funded by the Weill Foundation.

John Allison

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ARTS/BOOKS

Saleroom Stag sets off bull market

A painting of a stag, roaring his defiance atop a Highland crag, sold for £793,500 at Christie's yesterday. It was painted, of course, by Landseer and wowed the Summer Show at the Royal Academy in 1857. It is reckoned to be only exceeded in majesty by his "Monarch of the Glen", painted six years earlier. The price was lower than expected but it was a record for Landseer and demand for such very British pictures is basically confined to the UK.

With only a small leap of the imagination Landseer's stag can represent the art market seeing off the recession. For things have undoubtedly improved over the last few weeks. Pictures are luxuries rather than antique essentials, like tables and chairs. They suffered most during the art market slump of the last four years. Now the dam of frustrated demand has broken.

In the sale of Victorian pictures an early historical work by Alma-Tadema, showing the children of Clovis being educated in murder, sold for £138,500, and a portrait of Lord Tennyson by Watts, which had previously failed to sell, made £45,500. This was a good example of the auction houses persuading sellers to lower reserves, and then placing cautious estimates on the pictures to tempt back buyers. In November 1992 the Watts was estimated at £50,000-£80,000; yesterday it was marked down to a realistic £40,000-£50,000.

The great breakthrough sale was on March 11 when Christie's sold 93 per cent by value of its auction of modern British paintings, a sector which had been badly battered in the early 1990s. A painting by Harold Gilman, a leading member of the Camden Town School, of his landlady in her bleak room, soared to a record £111,500, as against its recessionary £30,000 top estimate, while the ever popular wildlife artist David Sheppard hit a new high of £40,000 for "Buffalo Disturbed", as against a £10,000 top estimate. Throw in a Munnings "Field of Poppies" for £128,000 (compared with the £25,000 forecast)



Landseer's stag, which sold for a record price at Christie's yesterday

and you have an auction which was the best for years. According to specialist Jonathan Horwich "prices are now back to 1989 levels", the peak of the market before the fall.

This week Sotheby's sold almost 79 per cent by value of its second division Impressionists, with Picasso pots in demand: 73 per cent of its modern British; and almost 90 per cent of its contemporary art, always a tricky area.

Things seem set to continue to improve. Sotheby's is offering four

major paintings in its key sale on June 28, paintings which sellers would not willingly have put on the market in recent years. All have been locked away in collections for generations and should greatly appeal to museums and discriminating collectors. The day of the flashy painting is temporarily over.

The most art historically interesting is Manet's only completed oil sketch for his masterpiece "Bar at the Folies Bergère", in the Courtauld. Underneath that most famous of Impressionist

paintings, is this composition, the original version. The £3m estimate seems modest. Also on offer is a Monet painting from his poplar series, also expected to make £3m, and a portrait by Frédéric Bazille, whose promising career was cut short in the Franco-Prussian War when he was 29. Finally a Picasso pastel of 1901, as pretty a portrait of a woman as you could wish for, is enticingly estimated at £600,000-£800,000.

Antony Thorncroft

A theatrical life

Henry Livings is riveted by Joan's story

I have read a great deal of this remarkable book on trains to and from rehearsals and I have been constantly leaping up, leaving hat, coat or script, having nearly missed my stop. But I have never let go of Joan's Book. It is certainly not well-written; there are few phrases where I would want to go back and look again for resonances and encapsulations. But this story of one of the most significant and exciting theatre companies ever, the Theatre Workshop, is also a profoundly personal memoir of astounding, tragic and comic times.

Joan Littlewood seems, like an actress, to re-inhabit herself each time. The childhood chapters read like a best-girl-in-the-class essay on "My Family". Adolescence is hoydenish, self-important and self-glorifying. The account of her first school-girl production (she also played Macbeth), in which she went too far for the Mother Superior, is joyful. The headmistress bumbled backstage to tell the company to calm it down a bit. "Which they did, to my chagrin." The early professional life in Manchester is as rich as steak and cowheel pie.

She seems to meet everybody from Laban (she does not convincingly explain how the great dance and movement annotator happens to be in Manchester at the time) to Nye Devan, who tells her the company should be playing to the miners, which she then does.

Her account of Ewan McColl's marriage proposal on the tram, which develops into so violent an altercation that the driver stops, as vigorous and moving as the tender, muddled love she comes to share with Gerry Raffles. Once



Joan Littlewood (second right) with cast

JOAN'S BOOK
by Joan Littlewood
Methuen £20, 796 pages

or twice you glimpse her ruthlessness, as when she lets it be known that the company is disbanding, in order to get rid of an old actor for whom she has no further use. She may have a conscience, but I do not think so. Compassion, yes. Her description of friendships forged in Czechoslovakia and then broken as the company leaves the Stalinized Socialist Republic is almost unbearably moving.

Think about the authors who went through her treadmill at the Theatre Royal in Stratford, East London, and altered our perception of modern drama: Brendan Behan and Shelagh Delaney among them. The account of the creation of *Oh*

whor a *Lovely War* tells you all you need to know about story telling, and also, by implication, why the film is so dull. And her demolition-jobs on the Great and Good are meat and drink to jobbing artists. In Tunisia, helping to organise a makeshift drama festival, she intercepts a newly-arrived Peter Brook: "I warned him against introducing any of his old-hat ideas." Later, Brook eats a sheep's eye at a dinner, and she is convinced it is to get back at her.

You do not have to be even half way interested in theatre to relish this welter of a book. It is compulsive, elusive and maddening. Read it. It is an un-lit literary masterpiece.

■ *Playwright Henry Livings is a former member of the Theatre Workshop. His new translation of Blood Wedding opens this week at the Bolton Octagon.*

Inspired by Picasso

Brian Sewell discusses Golding on modernism

What in art is modern now? It is unlikely that in the last decade of the Quattrocento, with the Italian Renaissance half done, educated Florentines still spoke in awe of Masaccio, Donatello and Fra Angelico as modern, yet in the last decade of this century, John Golding, distinguished art historian, curator of exhibitions and a painter of sorts, offers us as modern, Picasso, Matisse, Braque, more Picasso, Duchamp, Gorky, Malevitch, Brancusi and more Picasso still, all firmly rooted in the first decade. Readers hoping for a helping hand with Damien Hirst and Rachel Whiteread will find none offered here.

Only with Frank Stella and himself does Golding venture into the present day - but Stella he treats exclusively as a fellow lecturer and writer, and of Golding the painter of flaccid abstracts of footnote inconsequence, we must ask how it is that, revealing so sharp an eye and such honest judgment in his discussion of the old masters of this century, he can be so blind to the poverty of his own paintings, daubs that seem merely private therapy for a man far better employed in intellectual pursuits.

For 40 years Golding has steeped himself in the study of Picasso. The obsession began with his doctoral thesis on Cubism, and its present incarnation is the exhibition at the Tate Gallery; its rich fruit is a scholarly and intuitive knowledge not only of all the artists involved with Picasso - Braque, Léger *et al* - or with whom he was in rivalry -

Matisse - but of the critics and apologists who offered him support, of Tsara, Eluard and Apollinaire. The first essay in the book is indeed on Apollinaire, the wise, witty and misguided mountebank and showman of Parisian criticism until his death in 1918, whom Golding accuses of inventing "the sort of pseudo-metaphysical jargon that is found all too frequently in writings about present day art."

Golding cannot himself be accused of jargon; he writes with utter clarity, and only a scholar of transparent honesty

could observe of Cubist pictures after a lifetime's work that "I have come increasingly to realise that I do not really understand them, and I am not sure that anyone else does either," which tempts the sceptic to quote Sickert - "Painting that requires literary explanation stands self-condemned. Here we have the condemnation of Matisse and Picasso, and even of most of Cézanne's canvases."

Golding may protest inadequacy, but his commentaries on the parallels between Braque and Picasso in their Cubist years, on the great "Démolisseurs d'Avignon", on the flowering of Gris and Léger, are passionate in their sympathy, and illuminate with such uncanny clarity that ordinary mortals may well feel that they at last under-

stand, even if their mentor does not.

By far the longest essay is devoted to Duchamp, keyed to his mysterious, unfinished and shattered work on glass, "The Bride Stripped Bare by Her Bachelors", damaged in transit in 1926. Amid dense argument, Golding admits to unanswerable questions and a labyrinth of ideas from which no thread leads; "there is no solution, because there is no problem," claims Duchamp - but there is a problem, and in failing to arrive at its solution, Golding surveys the whole work of the old mischief-maker, from Mr Mutt's upturned urinal to the almost posthumous *tableau mort* of the naked waxwork woman with her legs spread wide, seeing a cerebral kinship in the wild diversity of style.

Golding writes at a still slower pace and with emotion cooled when he treats of Gorky, Malevitch and Brancusi, as though the material has been prepared for tutorials and has adapted uneasily into literary prose - even the death of Brancusi's beloved bitch brings scarcely a spark of life to that essay, and the plodding art historian swamps the connoisseur. Though they are not without merit, the inclusion of such lectures and reviews (if these are indeed what they are) blurs the focus of the book, and at the very end it is blurred still further by the vain inclusion of himself as painter, keeping company far too distinguished. Golding's eye is at its brightest and his pen most passionate when Picasso is his inspiration.

VISIONS OF THE
MODERN
by John Golding
Thames & Hudson £28, 368 pages

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BOOKS

Ignorance outstrips knowledge

Alternative science is all very well but there is a limit, says A.C. Grayling

Open-mindedness is an intellectual virtue. History is cluttered with the wrecks of grand theories which died of dogmatism. Unless we remain alert to the possibility that our beliefs are false, however well they seem to work, we might miss opportunities to learn; for the world is stranger than we think, and our ignorance far outstrips our knowledge.

Such reflections prompt people like Rupert Sheldrake to venture what might be called "alternative science". This consists in devising unorthodox solutions to problems which orthodox science cannot solve. It also includes taking seriously the beliefs of children, mystics and stone-age people, on the grounds that modern science has forced us to shed much wisdom by its reductively piecemeal approach. Sheldrake offers us alternative science as thus conceived. He suggests experi-

ments on the psychic faculties of pets, the homing ability of pigeons, and the organisation of termite colonies, to test whether his favourite notion, that of a "field", will explain their behaviour. Sheldrake hypothesises that everything is surrounded by fields which transmit influences and information, and which link creatures to others of their kind and their homes. The experiments he proposes are intended to test whether such fields exist. Sheldrake offers the same solution to other puzzles, like "phantom limbs" as sensed by amputees, and the experience of

feeling that one is being watched. He claims that both can be elucidated by postulating that our minds are fields "reaching out through the senses, projecting far beyond the surface of the body."

But Sheldrake does not confine himself to suggesting explanations for puzzles. He also mounts an attack on orthodox science for not taking alternative suggestions seriously. Scientists, he says, are "the servants of military and commercial interests". Their objectivity as enquirers is an illusion; some falsify their results to get fame. Their minds are closed against

SEVEN EXPERIMENTS THAT COULD CHANGE THE WORLD by Rupert Sheldrake

Fourth Estate £15.99, 269 pages

anything unusual because orthodoxy blinds them. They define the speed of light and gravitational attraction as constant values, whereas these values in fact fluctuate, showing that chaos or at least radical changefulness is more truly characteristic of the universe.

Such are Sheldrake's views, and they amount to a farrago of shallowly and sloppily argued nonsense. The key notion of a "field" is left unexplained, usefully for Sheldrake because the vaguer a notion is, the more it explains; the most we are told is that fields "resemble elastic bands". His account of perception, as quoted, is that mind "reaches out through the senses", which, he approvingly notes, is what uneducated folk like childre and cave-men believe. He quotes bizarre anecdotes as evidence; the field explanation of phantom limbs is demonstrated by the

case of a man who kept his amputated finger in a jar in the basement, and found that when his phantom finger felt chilly it was because the basement was cold.

Such stuff speaks for itself. The best example of Sheldrake's logic is his claim that the speed of light varies, based on the fact that investigations have yielded varying values. Naively assuming that each measurement was accurate, he takes this to prove his point. It seems to have escaped him that different measuring techniques, equipment, mistakes or other factors might explain the differences.

Attacks on scientific scepticism are standard among alternative theorists. They fail to recognise this as one of science's strengths. They take its disdain of their hypothesising as proof of a conspiracy to conceal the truth. Books like Sheldrake's, therefore, demonstrate why scientific scepticism is absolutely necessary.

Perfect poems, poor lives

Anthony Curtis on Baudelaire and Mallarmé

Yeats said "The intellect of man is forced to choose, perfection of the life, or of the work". Never can that dilemma have appeared with greater clarity than it does in the lives of the two French poets, Baudelaire and Mallarmé, of whom new biographies have just appeared. Both of them sought ceaselessly for perfection, and in many of their poems actually achieved it. Between them they are largely responsible for the modern notion of formal perfection as a poetic ideal. It was their disciplined response to the interminable flood of verse that poured out of a Victor Hugo or a Tennyson. Ironically it was the last of the finest Victorians - Swinburne - who was the first English poet to hail Baudelaire's genius - in an article in *The Spectator* in 1882. Since then almost every major English poet, starting with Yeats, Eliot and Auden, has paid tribute to Baudelaire as the founding father of modernism.

The ideal of perfection helps to explain what we find most puzzling about Baudelaire and Mallarmé, their veneration for the work of Edgar Allan Poe. Baudelaire's admiration for Poe verged on idolatry; he translated much of Poe into French, one of the few things that brought Baudelaire some regular income. Though Baudelaire was by far the greater poet, it was Poe's writings on poetic technique and theory as well as the morbidity of his subject-matter that fertilised the mind of Baudelaire. The seeds of the Frenchman's notion of *correspondence* - involving a synthesis through words of all the arts, music, dance, painting, literature - the bedrock of symbolism, may be found in Poe.

But, as emerges from Joanna Richardson's massive new life of Baudelaire, there were also remarkable parallels between his life and that of Poe. Both lost their natural fathers when they were little; both became mother-fixated; both had adoptive fathers of a military cast who despised poetry; both adored women but found straightforward sex impossible; both became chronic invalids; both were invariably in debt.

The last full biography of Baudelaire was by Enid Starkie in 1957. If her scholarship could at times be faulted, Starkie was always an enthusiast and she presented a Baudelaire redeemed by her admiration for his work. With much fresh material at her disposal, Richardson gives us a remorseless march of all the grim facts, concentrating on the poet's disastrous financial situation. From his improvident youth to his death aged 46 it never improves.

What makes it so heart-rending is



that his degradation could easily have been avoided. Baudelaire inherited a sizeable fortune at the age of 21. Prudently managed he could have lived off it - supplemented by his small literary earnings - in comfort and dignity for the rest of his life. Within a few years he had got through half of it, and had burdened himself with supporting a mulatto mistress Jeanne Duval - the Black Venus of his poetry - from whom he caught the syphilis that ultimately resulted in the aphasia (loss of the faculty of speech) that caused him to spend his last years as a virtual mute.

General Jacques Anquetin, the epitome of careerist respectability in the Second Empire, called a family council to decide what to do about his prodigal stepson. It was decided that Baudelaire's remaining capital should be administered by a conseil judiciaire allowing him a small annual income. Baudelaire's stormy relations with his administrator, a family friend who kept very tight control of the purse-strings, provide an element of pathetic comedy in the sad story.

Apart from Jeanne Duval, two other women captured his heart - Apollonie Sabatier, the white Venus who looked

like one of Rubens models and who inspired many of his poems; and the actress Marie Daubrun, who was the inspiration behind "Le Beau Navire" and "L'Invitation au Voyage". Baudelaire competed for their favours among many gifted men. With the former he

BAUDELAIRE by Joanna Richardson John Murray £30, 602 pages
MALLARMÉ: A THROW OF THE DICE by Gordon Millan Secker & Warburg £30, 389 pages

triumphed to the point where she finally confessed her love for him. The saddest episode of all is his inexplicable failure to turn this dream of a perfect love into a reality.

Mallarmé was one of the earliest of the younger French poets to recognise Baudelaire's poetic mastery. His own life, freshly told by Gordon Millan, professor of French Studies at Stirling University, was not quite such a mess, though he too suffered from continual

financial constraint. He made a stable marriage, fathered a daughter who became his literary executor, and acquired a reputation in his lifetime. But his work as a provincial schoolmaster, irksome from the start, became intolerable as his poetic gift developed.

Somehow he managed to get a posting to Paris where his house became a forum of abstruse poetic speculation. His regular Tuesday evening gatherings were attended by many artists and writers including the young Paul Valéry, his most gifted disciple. They were in no doubt about Baudelaire's genius and they developed his theory of *correspondence*. Some of Mallarmé's abstruse poems and sonnets, always popular with English readers, exemplify it.

At least one of his longer works - "L'Après-midi d'une Femme" - found a perfect musical correspondence in the mind of Debussy - and after that in the work of choreographers and dancers, Nijinsky, Lifar, Arthur Mitchell. Millan's book reveals the slow evolution of the original poem. He demonstrates the contrast between the poet's tormented, precarious existence and the radiant purity of his vision. That indeed is the message of both these books.

China's housekeeper

During the decade of China's Holocaust, the Cultural Revolution, premier Zhou En-lai drew up a Schindler's list of those he wanted to protect from the forces of death and destruction. His main Ark was Peking's Hospital 301, to which he had healthy targets of the Red Guards' wrath confined. The numbers he protected were few but today he is chiefly remembered with affection in China because of these efforts and his desperate work to keep the nation afloat in the chaotic seas, in reward for which his minister, Chairman Mao Zedong, labelled him China's "housekeeper".

One would have thought that after the chaos of contempt which greeted her two-volume hagiography of Mao, *The Morning Deluge and Wind in the Tower*, an instinct for self-preservation if not a sense of shame would have inhibited Han Suyin from attempting a biography of Zhou En-lai. Mao's faithful prime minister spent the last years of his life fighting cancer and vainly trying to limit the damage inspired by the senile monomaniac Chairman, his tennacious wife and the Gang of Four. The Mao volumes ludicrously presented the Chairman, to quote from the blurb

on their dust-jackets, as "a modest man and, moreover, a man merciful to his enemies, uncorrupted by power, a judgment of odds both with historical truth and with any intellectual honesty. Mao had qualities as a thinker and a charismatic revolutionary still acknowledged in China, but as a disastrous peace-time leader he was a monstrous egoist and a ruthless tyrant."

ELDEST SON: ZHOU EN-LAI AND THE MAKING OF MODERN CHINA 1898-1976 by Han Suyin Jonathan Cape £25, 283 pages

In writing this gushing tribute to Zhou, Han Suyin does her best to do justice to the bitter struggles of his last years while avoiding flat contradictions of her own dedication of Mao. But, despite endless evasions, prettification and an insistent incantatory prose style, she fails by a long chalk to bring it off. The introductory paragraphs set the tone: "Beloved Premier Zhou. Automatically, so many of my generation spoke of him

thus, running the words together. Somehow because of him we all felt life was poor living..." By the final chapters Han Suyin has transmuted this dedicated Marxist revolutionary into a Confucian gentleman and ends apologetically as a Christ-like figure, dying painfully for millions on the cross of Mao's Cultural Revolution. Like certain other lady novelists, she reproduces the thoughts of others as history. She presumes that Zhou's reaction to his betrayal by friends was "grief unspoken, swallowed down, invisible," and records the reaction of the audience to one of his last appearances: "He is back, he is back," one could hear the thought from every brain, though not a word was said. Han Suyin bids fair for the title of being the Barbara Cartland of China Watchers.

The writer ignores or plays down facts which fit uneasily into her theme that both Mao and Zhou were benign, if occasionally fallible, heroic figures and their enemies evil. The death of Liu Shaoqi, the main target of the Cultural Revolution, occurs with no mention of

the cruelty that killed him, medicine-less on the floor of a freezing cell.

She does record that Mao never bothered to visit his premier on his deathbed but reports that his nurse claimed that she saw "tears running down his face" while he watched evening television on the day Zhou died, an unlikely tale. Better sources is that a coarse poem by Mao ("Don't fart or the heavens will be turned upside down"), was read to the dying Zhou, who wept before he died. Mao did not attend the funeral ceremony, an absence Han Suyin does not note.

Zhou was, of course, a very considerable leader of great charm which I have seen him use to enormous effect while manipulating a roomful of foreign journalists. Evidently, he employed it on the author. Zhou used his charm and intelligence to rule, dominate, persuade, cajole and, in the end, to survive. Back in 1923, Zhou had said: "For the sake of the Revolution, we must even become like a prostitute." That turned out to be his fate. In the final analysis, Zhou who preached common sense,

died a failure in the shadow of a chaos-sowing Monkey King figure. He had given his life to a lost cause, but is remembered with affection because of the few dozens he rescued from the spite of the man who embodied that cause. Under the billows of Han Suyin's romantic prose, Zhou's very real qualities disappear. His portrait is painted in the literary equivalent of China's revolutionary art: a saint-like, heroic-eyed worker gazing towards the rays of the sun of Mao.

Derek Davies

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Tuned into the arts

This is a fascinating book, filled with tables of statistics and musical anecdotes. It chimes with the career and character of the author. He describes leaving a cheerful lunch whilst Chief Economic Adviser to the DTI. On hearing a two-oote fanfare of minor thirds uttered by a passing ambulance, he competes with his host in identifying 12 other themes that begin with minor thirds - from "Colonel Bogey" to the Quartet from the first act of *Fidelio*. A rare competition for a mandarin.

The centre-piece of the book is the Orchestral Resources Enquiry of 1988-90. Sir Alan Peacock, on the basis of his polymath knowledge of music and free-market economics, was commissioned by Lord Goodman, then chairman of the Arts Council of Great Britain, to head the enquiry. His committee, full of maestri, listened to a dialogue of the deaf orchestra managers who damned modern composers; composers who regarded the audience as necessary for acoustic reasons only; conductors who thought the orchestra was becoming a museum piece.

The enquiry produced two particularly controversial recommendations: savings in regional orchestras were to be raised to the same level as those for London; and direct subsidies were to be given to only two out of the four London orchestras. Peacock describes with relish how the main recommendations were thrown out by the Arts Council even in advance of publication.

How familiar it all sounds, a generation later and not long after Peter Palumbo and Anthony Everitt bit the dust following similar attempts to reform the organisation and subsidies of the London orchestras!

Peacock, though, is not a man given to falling on his sword. He went on to become a member of the Arts Council himself and chairman of the Scottish Arts Council. He compiles a delicious fantasy of complaints from dissatisfied Scottish arts organisations: "Take Glasgow-based clients. They're a funny lot. Some don't make music at all and seem almost trusting, and others write

you polished letters which you know mean the Glasgow equivalent of 'A'll smash yer face in'. Edinburgh is different, very snuffy letters with postscripts like 'I would have you know that my Chairman is the brother-in-law of the Secretary of State's cook' - menacing words presaging a sleepless night for me."

He goes on to describe his vain attempts to design a policy that would eventually have put the Arts Councils out of business and helped the arts to become largely self-supporting: a triumph of hope over experience.

He had a few successes - for example his Young Scots' Card that gave young people discounts to Art Centres all over Scotland and that he saw as a preliminary to vouchers entitling

PAYING THE PIPER

by Sir Alan Peacock

EUP £30.50, £12.50 pb, 165 pages

consumers to reductions in the price of cultural goods chosen from an Arts Council list. He wished to see public perception of the arts translated into the power of the consumer to choose which art-form to support.

There is a gentler side to Peacock's cultural economics. He quotes with approval the comment of two American professors that, "few of us are willing to take the responsibility of passing on to future generations a country whose beauty has been destroyed". I suspect that this romanticism underlies the apparent harshness of much of Peacock's free-market approach.

Peacock has a capacity for irritating experts. The forthrightness of his views and his natural iconoclasm are evident in *Paying the Piper*, which is compulsory reading for anyone entering the field of arts sponsorship. I trust Lord Gower will buy a copy and keep it under this pillow when he inherits, upon April Fool's Day, the mantle of Lord Goodman and Palumbo at the Arts Council. It will help him succeed.

Tim Renton

Thrillers/J.D.F. Jones

Shining knights

The great novelist of modern-day Florida is John D. Macdonald; the word thriller is inadequate. He died eight years ago but his principal creation, Travis McGee, lives on.

There were 21 Travis McGee stories and they have become classics of popular fiction because Macdonald had an idea of genius, to translate the Arthurian knight of medieval chivalry to 20th-century America. Travis McGee is therefore much more than a bronzed and battered middle-aged beach bum; he is more, and more interesting, than the routine private eye: he is an archetypal hero.

But John D. Macdonald is also important because he is the master of the Florida School, which today promises to dominate American crime fiction. Carl Hiaasen is one of the newer and most successful members, a Miami journalist with a wild satirical humour.

Hall is a novelist, and is clearly plying to be Macdonald's heir. What they all share is an obsessive rage about the rampant commercial overdevelopment which is rapidly destroying their Florida. But their books are more than "eco-thrillers".

James Hall's *Mean High Tide* is his fifth novel. Like McGee, his reclusive hero, and like Thorne, he is bronzed, battered, middle-aged, etc., with a similar taste for sea and sun and sex and a hatred of bureaucrats and businessmen. The same characters and locations crop up. Thorne's girl is murdered (he has a habit of losing the women in his life). There is a mannequin with a loopy daughter and a plan to breed red tilapia (that's a fish) which will destroy the ecological bal-

ance of the region. Hall's world is very violent, his villains are very villainous, and the sex is more explicit than Macdonald, the old-fashioned romantic, would have sanctioned, but he can write almost as well as his master and the dialogue is as strong as Elmore Leonard's. What he does not have - and

MEAN HIGH TIDE by James Hall Heinemann £14.99, 340 pages

THE DEVIL KNOWS YOU'RE DEAD by Lawrence Sanders Orion £15.99, 361 pages

SACRED CLOWNS by Tony Hillerman Michael Joseph £14.99, 284 pages

may not understand - is the universality of McGee, the knight in not-so-shining armour.

Mandarin have just re-issued *Under Cover of Daylight*, *Squall Line* and *Hard Ground* (not about Thorne) in paperback. Start with the first.

Far to the north, in the differently-polluted streets of New York, Lawrence Sanders is bidding to be the eventual heir of Robert Parker. The American hero these days has to be a credible, fallible human being - a resurrected James Bond wouldn't stand a chance - and, in these enlightened times, it helps if he has a long-running relationship with a real live woman, not a succession of bimbos.

Block's triumph is Scudder, the ex-cop and alcoholic who

seems to spend a lot of his books either in an AA meeting or sipping club soda in Irish bars. The girlfriend, Elaine, is an old-time call girl. Again, they are both in early middle age, and, despite their lurid background, they both turn out to be interesting and credible people.

The Scudder books have been slow to cross the Atlantic. A *Ticket to the Boneyard*, just reissued by Orion in paperback, was a terrifying and brilliantly successful story of their being terrorised by a psychotic murderer. *The Devil Knows You're Dead* takes us into slightly quieter waters, starting with the motiveless murder of a yuppie lawyer on Eleventh Avenue. Block has the confidence to take his plot slowly and to build in a serious novelist's consideration of themes that lesser crime writers steer clear of - the justification of suicide, for example. His underworld is convincing and alarming; he has that vital page-turning compulsion; he deserves all the plaudits.

Tony Hillerman is an authority on the Navajos who had the fascinating idea of setting a crime series in today's Indian territory. His double-act of Lieutenant Leaphorn and Officer Jim Chee of the Navajo Tribal Police is cleverly balanced: Leaphorn is widowed and wise, Chee wants to become a shaman as well as a good cop, which offers all sorts of tensions for a novelist. To my mind *Sacred Clowns*, which has even more anthropological business than usual, is a bit flat, but it will no doubt satisfy the devotees.

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FOOD AND DRINK

Cookery/Philippa Davenport

A pork pie to ponder

Street foods in Britain are not what they were. Where is the gingerbread man? Where are the sellers of ripe cherries and hot warden pears? Where is the bell-ringing travelling plemman? All we hear now is the megaphoned tinkle of Teddy Bears' Picnic as Mr Whippy vans cruise the housing estates.

In some rural areas mobile fish and chip kitchens splutter from village to village. In cities the stench of over-stewed onions belches from hamburger stands. Only as Christmas approaches do things improve when the chestnut vendors take over.

Pies were once the most popular of all street foods and plemmen were familiar figures with their trays of wares. Fillings of mutton, beef, eel, and fresh fruits in season were relished. Pork pies, however, were always hot favourites.



Recipes for pork pies abound. Strong regional tastes are evident and there are some very localised versions indeed, particularly in the bunting shires where the wisdom of carrying a good pie in your saddlebag (and a hip flask) was well understood. Just the ticket to sustain an energetic sportsman all day - or to comfort an unseated rider ditched by his steed.

Melton Mowbray pork pies are still famous, spiced with anchovy and cayenne. Nutmeg and allspice were favoured elsewhere, and herbs such as thyme, parsley and sage in other places. In some areas the addition of apples, onions and/or cheese was favoured. Elsewhere the inclusion of eggs, chicken or veal was preferred.

Some of the pork pies made and sold in earlier centuries were probably as dire or worse than the sawdust-dreary, mechanically recovered meat pies that late 20th century publicans milrowave for their customers. But the best must have been very good indeed with their thick and decorative pastry casing and their filling of succulent, flavoursome meat.

The pie crust fills that now flute our collars and cuffs began life as pastry decorations of course. And the flesh of large, free-ranging, long-lived pigs is unquestion-

PORK & PIPPIN PIES (serves 6-8)

These can be served hot or cold and would make a good choice for Easter picnics. I have used lean end of belly of pork - partly for economy but mostly because of the rich texture it gives the gravy. Hannah Glasse, writing in 1747, recommended a more refined version of the pies using small steaks cut from a loin of pork, white wine instead of vinegar water, and no onion. Loin, being more tender and drier, needs no pre-cooking before baking.

For the filling: 3 lb lean end of belly of pork (2 1/2 lb thick boneless slices of belly of pork (in other words enough belly to yield 1 1/2 lb pork after bones and rind are removed); 6oz onion; 9oz sharp aromatic apple (Braeburn from New Zealand make the best choice at this time of year); a little hutter; freshly grated nutmeg; 1 tablespoon tarragon or white wine vinegar mixed with 1 tablespoon soft brown sugar and 4 1/2 fl oz cold water.

For the crust: 6oz whole-wheat flour; 6oz plain white household flour; 3oz butter; 3oz lard; beaten egg to seal and glaze.

Bone the pork, if not already done, de-rind it and cube the meat. Chop the onion finely. Peel, core and chop the apple. Put all three ingredients into a lightly buttered casserole. Season with salt, pepper and plenty of nutmeg and pour on the vinegar and sweetened water. Lay the pork rinds on top and cover with a well fitting lid. Cook at 300°F (150°C) gas mark 3 for 2 1/2 hours.

Discard the rinds, letting the juices drip back into the casserole. Check seasoning and set aside until cold.

Make the pastry, seasoning it well. Use half to two-thirds of it to line the base and sides of two 6 1/2-in-7 1/2-in springclip cake tins or two small oval pie dishes.

Divide the pie filling between the pastry-lined containers and cover with lids rolled out from the remaining pastry. (NB: if using pie dishes, do not lay the pastry on the rim of the dish in the usual way but seal the pastry sides and lid with an upward movement to make a frilly collar, as though making a raised pie.)

Glaze the pies with beaten egg and make steam holes. Bake on a pre-heated baking sheet for 15 minutes at 425°F (220°C) gas mark 7, then at 325°F (160°C) gas mark 3 for 1 1/2 hours.

Let the cooked pies rest for at least 5 minutes before baking and serving if they are to be eaten hot. Better still, serve them cold when they can be cut into jellied wedges.



Olwyn and the giant lobsters

Hitler Ho used to be a regular caller to the late-night radio request programme in Hong Kong. Wagon Lee, presumably a man with a penchant for the overnight services of the European railway system, was a columnist on a local paper.

Names are peculiar things. The gender of my own is often confused - once, this led to being confined overnight in the women's cabin section of a Swedish ferry.

So what about the name Olwyn? It is a picture of a Welsh womanhood. Healthy, cheeked, leek-eating, daffodil-growing. Wind from the Becons blowing through blond hair. Chapel on Sunday evenings. Cardiff Arms Park with the lads. Dylan Thomas. The Ristedd.

Not this Olwyn, though. Olwyn Wesselskera is a man. A native of that magical but sadly, strife-torn island of Sri Lanka. He is also keeper of one of the world's more unusual restaurants.

"I think maybe my father had a Welsh girlfriend once and decided I should commemorate her," says Olwyn. The name has never bothered him. He gets on with what he knows best - cooking and sharing drinks and chat with customers.

Olwyn's - or the Beach Wadiya restaurant - is on the open-sided three-wheeler. Turn off the main road going south. Go down a dusty, pot-holed track towards the sea. Take a left. A few desultory fairy lights blink in the distance.

"Olwyn's," says the driver. You stop and make sure there are no hoots from oncoming locomotives.

The Beach Wadiya is on the other side of the railway tracks, perched on a strip of sand between the trains and the sea. Levering the flesh out of a crab claw might be interrupted by the very close rumble of the southern express.

Olwyn's speciality is lobster. Lots of them. Grilled, poached,

fried - with butter and garlic, with chilli, with curry. Colombo's aficionados ring beforehand to place their orders. Then, they know they can be sure of Olwyn's personal touch in the cooking.

Later, being partial to a drink or two, Olwyn tends to be pre-occupied elsewhere, mainly in the cut and thrust of intellectual conversation at various tables littered round the sand. "What is life for but to enjoy a few fragile moments like this?" he says. The train goes past, making the restaurant - and life - seem very fragile.

"Of course, people come here for the food, but it's not just that - it's more for the, how

Schwartz has no other entry. Perhaps the prawns were not up to scratch. More likely, the today from his literary abilities. Or he was brained by a stray coconut.

I crack a lobster claw, but Olwyn wants to show me the pictures. A group of very red-faced diners. "The England cricket team - they all came here and stayed till very late. We even had some bowling on the beach."

Perhaps googlies go better with today.

"Olwyn, I really must get back to my lobster."

"All in good time. Life should not be rushed. Now look at these pictures."

Olwyn is a fan of the late Elvis. So, he had an Elvis look-alike competition at Beach Wadiya. It was one of the high-points of the restaurant's existence. Lobster, today and rock-a-billy.

A frisson of excitement runs among the tables. Sri Lanka is playing host to Miss World Tourism. Several of the girls have found their way to Olwyn's. Each one of them 6ft tall, most of it legs.

Olwyn jumps like one of his crustaceans on the way to the grille. "So, honoured ladies. Of course we have room."

There is only one table with space. Mine - at present occupied only by two sadly neglected lobsters.

On one side, Miss Poland. On the other, Miss Latvia.

"Kieran? But that is a girl's name, yes?" says Miss Poland, in a tone that brooks no contradictory opinion.

"Olwyn!" says Miss Latvia. "That is a very sweet name. It is a Sri Lankan name, no?"

Olwyn waves for more today. The train goes past. The lobsters do a Fred Astaire on the table.

"We will eat your lobsters," says the long legs from Warsaw.

"You are so kind," says the twinkling Miss Latvia to Olwyn.

Beach Wadiya, 2 Station Avenue, Welliswatta, Sri Lanka. Tel: Colombo 588565.

Kieran Cooke risked being brained by a coconut, all in the cause of food

shall I say... His verbal meanderings are interrupted by a slight hubbub at one table. A coconut has dropped from a tree, heavily flattening the bald-headed diner underneath.

With commendable sangfroid, Olwyn waves at the rather startled gathering and tells the waiter to take a jug of the local coconut today across.

"Nothing like good, strong today for putting the world right," he says, with a sharp slap of the thigh and a hearty roar of laughter.

The lobsters arrive. Two of them, stretching across the table. But I am not allowed to eat. First, I have to examine the weighty books of customers' comments.

Sample: "I am from the USA. I have not eaten yet. But look forward to my prawns. I hope on my next visit I can write in your guest book again and tell you how good the food was or was not. Regards, R.M. Schwartz."

The 1994 wine harvest is almost over, in the southern hemisphere that is. Just back from a quick fix of car-bon dioxide and grapeskin smells in Australia and South American wineries, I am haunted by two very different images of today's wine industry.

In the Yarra Valley outside Melbourne, in the temperature-controlled hangar that is Moët & Chandon's Australian offshoot winery, a stack of giant metal bins filled with Pinot Noir grapes wait patiently until Domaine Chandon's small team of cellar rats, and some extremely shiny equipment, are ready to press them into a new vintage of Green Point sparkling wine. The 1991 is yours for \$10.49, up 50p from 1990 because of spiralling demand.

What makes this sight remarkable is that these tight, healthy bunches of shiny black grapes were picked four days earlier in the far south of Western Australia and have been shipped, in a refrigerated truck, across the notoriously unforgiving Nullarbor Plain - the distance equivalent of shipping grapes from southern Turkey to Bordeaux.

This is the Australian way of doing things - pragmatism unfettered by tradition, spurred on by a sophisticated market at home and abroad.

A few days later I watched the 1994 vintage being delivered to Penafior in Mendoza, Argentina's largest winery. Dozens of magnificent ancient lorries stood waiting their turn between weighbridge and continuous press, piled high with a jumble of indigenous Criolla and Cereza grapes, oxidising almost visibly in the sunshine.

Penafior boasts the world's largest wine vat, a subterranean concrete cylinder

under 10m high and 36m across, carefully painted on the outside to look like wood. Dinner parties for 500 have been held inside it. More usually it is filled and emptied every two months - with enough wine to fill almost 7m bottles, or 5m of the three cardboard Tetrapaks that are so popular with South American wine drinkers.

Intigued, I asked to taste the wine blended in it. Terroir, Argentina's best selling wine, after being shown the increasingly exciting Trapiche range that is groomed for export markets in one small corner of the winery. The white, musky juice of these local grape varieties makes up all of the white and half of the red Terroir.

I defy a European palate positively to enjoy the flavour of the white, but the red was respectably coloured and masked by a blend of Tempranillo, Barbera and Sangiovese (one of California's most sought after grapes at the moment). Terroir sells for just 1.20 pesos (80p) a litre.

Given the domestic taste for heavy, low-acid, almost-oxidised wines that would be impossible to sell outside Latin America, and given the antique nature of most Argentine wine technology, it is a miracle that a dozen or so winery owners in Argentina are now enthusiastically gearing up for export. The wine industry is currently one of Argentina's most significant

investment sectors.

The Argentines are several years behind their neighbours across the Andes in this respect. Stainless steel has become much less of a novelty in Chile over the past few years, and Chilean wine has an established market for inexpensive Cabernet Sauvignon in the US, UK and other parts of northern Europe. But the Chileans are all too aware of Argentina's potential.

Jancis Robinson finds striking contrasts between the wineries of the new world

As Argentines are wont to observe somewhat smugly: "We're not really interested in what the Chileans do, but we're always worried about what they're up to."

Chilean wine exports slowed last year, but the 1994 harvest is the first prolific, if slightly cool, one for some time and grape prices have slumped accordingly. This, coupled with increasing winemaking skills, may help to win more customers, although the real difficulty is communicating the quality-not-quantity message across the winemaker-grapegrower divide. (Wine producers are therefore investing heavily in suitable vineyard land and Santa Rita, for example, expects to buy in no more than a fifth of its grapes by 1997.)

Australian wine producers, on the other hand, are in a frenzy of export activity. Many of the most lauded now send more than half their production overseas, mainly to Britain but increasingly to Germany and, to a more limited extent, the US. Sweden is also an avid consumer of Australian wines shipped there in bulk.

Wine now represents more than half of Australia's exports and it is the stated goal of its wine industry that exports should be worth \$2.5bn (€480m) by the year 2000. New vineyards are accordingly being established all over the country, especially in the coolest, most south-eastern part of South Australia (a state which has yet to enjoy the phylloxera experience), and in the deep south of Western Australia - no longer so isolated, it would seem.

The domestic market, a highly sophisticated one in which connoisseurship is spread both deeply and widely, is increasingly peevish at seeing so many of Australia's finest wines sailing away from the country's heavily unionised quays, and prices have been rising as a result. Australia's first \$100-a-bottle release, Yarra

Yering's Merlot 1991, is sold out.)

Grape prices for the 1994 harvest are at an all-time high as producers jockey to meet demand while new vineyards come into production. Some "boutique" producers with deep pockets are said to have offered more than \$2,000 a tonne for premium grapes such as Cabernet Sauvignon and Chardonnay.

The interesting development this year is that Shiraz, Australia's Syrah which has long been the country's most planted red wine grape and has been despised for it, is now commanding the same price as Cabernet in many regions, particularly in parts of Victoria and the Barossa Valley where it performs particularly well.

Earlier this year Australia signed a bilateral trade agreement with Europe which formalised its wine labelling, prohibited the use of such terms as Champagne, Hermitage, and Burgundy in the long term, and ratified exact proportions of grape varieties and regions which would be allowed in blends. In theory, Australian wines should henceforth become more "European" in constitution, but there are few signs that Australian winemakers will abandon their hallmark practice of blending the produce of a palette of wine regions which may be many hundreds of miles, and styles, apart.

Green Point 1991 is a forward, exuberant, come-hither champagne method wine selling for \$10.49 at bigger branches of most major chains. Trapiche's best buys are the Malbec 1990 \$2.49 from Morrisons supermarkets and, a real find, Medalla 1991 Cabernet Sauvignon \$5.95 from Grape Ideas of Oxford.

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I have just received the menu from the acclaimed London restaurant "Aubergine" (11 Park Wall, SW10, Tel: 071-352-3449) and I am perplexed. It reads like a badly translated tourist menu from the backstreets of Marseille.

Alright, I am a pedant, but what exactly is "vinaigrette crustacées" (French genders are not the strong point of the chef, Scotsman Gordon Ramsay). Why is it a roasted and not a roast pigeon? Is a "vinaigrette of vegetables pressé" (nor are plurals) a soup, given that the implication is that everything has been liquidised? "Grolles", "beignets", "pomme" (sic) "saucis épices" all have English translations which would be less bewildering. Pigeon poché grille is presumably "poché à grille" or "poached and grilled" in English?

The most striking thing is the repeated use of the trendy word "jus". The standard French dictionary *Petit Robert* tells me that this could be "juice" in the accepted sense of the word or "meat/pan juices" in the form of an unthickened gravy which has



not become a sauce. This would explain "Jus tarragon", "Jus rosemary", "thyme", "Madeira" etc, but not excuse them. Keep them wholly in French: "jus parfumé au romarin", "à l'estragon" etc, and be less eclectic. As for the "Jus Granny Smith" on the crème brûlée I suppose that is plain old apple juice.

Appetisers

Jus one of those things

Elucidations and examples of similar gobbledygook gratefully received.

Giles MacDonald

The Guild of Food Writers, sponsored this year by restaurateur Nico Ladaris, has launched the 1994 Jeremy Round Award, to find the best young food writer.

Entrants, who must be under 25, are invited to write a stimulating, mouthwatering or witty piece about sausages, in no more than 800 words. The prize of £500 will be presented at a luncheon at Nico at Ninety, Park Lane, London, in mid-June.

Closing date for entries is Friday May 13. Entries should be sent to The Secretary, The Guild of Food Writers, 27 Lebanon Park, Twickenham.

Middlesex TW1 3DF. Philippa Davenport

If you plan to be in Cambridgeshire over Easter and are looking for an eating that will satisfy a variety of tastes, you might aim for Eton, just off the A605, eight miles west of Peterborough.

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HOW TO SPEND IT

There's room for growth in the shaving market

It must be fun working as a marketing executive for a fancy cosmetics company: big budgets: a chance to put the imagination into overdrive and create new fashions for the workaday to aspire to. Riveting, absolutely fabulous.

Experts at Chanel, the Paris-based perfumery, have enjoyed preparing for the May 2 UK relaunch of Pour Monsieur, the range of shaving products dating from 1955. Their aim, says the glossy artwork, is to revive "the art of shaving... to a whisker".

In their terribly *la mode* minds are images of traditional, grey-flannelled English gentlemen, luxuriating on chrome barbers' chairs, or silken-faced chaps who have rejected 1980s designer stubble and, yet, are sufficiently modern to be happy with dabbling a little scented moisturiser on their faces.

So journalists, including yours truly from the Financial Times, have been invited for a complimentary shave at Claridges, a spot of coffee afterwards, a spiel from fresh-faced, French-speaking mistresses of public relations on the importance of silicon derivatives to the adhering properties of shaving cream, and a complimentary package of Pour Monsieur products.

Such stunts are common. The 1990 launch of Chanel's successful L'Egoiste range - aimed at the mysterious, amorously-inclined male - included slap-up romantic dinners for fashion writers and spouses (come to think of it, the life of a fashion writer is pretty fun too, once you swallow the ignominy of being manipulated by the marketing

Ralph Atkins
reports from the
cutting edge
of cosmetics

team).

Of course, not everyone is taken in. Shaving is, in essence, a chore. No amount of expensive perfume or imagery is going to remove the drudgery. There are just three aims of shaving: to be rid of any trace of beard, to smell nice (particularly to the female of the species) and to avoid bits lying at the bottom of the sink when your partner next uses the bathroom. If any cosmetics company could make a product that achieved all three, and sold it in plain containers, I would buy a vat-full.

So, against such down-to-earth criteria, is the

Pour Monsieur promotion all piffle? I'm not sure if I rave about the barber's shop. Shaving is a practice reserved for a pre-breakfast scramble to look respectable - a time when the mind has not yet downloaded communication skills. But it makes a change to have someone else tending to all the inaccessible places of the face, and to cleaning the sink afterwards. There is also an art to shaving, albeit quickly acquired: the use of hot towels to soften the bristles; the use of the cut-throat razor along the grain of the beard, avoiding major arteries.

Chanel has its work cut out, however, if it believes it can revive the generation of Sweeney Todd. So far has demand for a shaving service fallen that Claridges only trims about four people a week, at £10 a head. Rival luxury hotel The Waldorf, though offering a full male hairdressing salon, does not provide such a service at all.

More obviously, the relaunch of Pour Monsieur is intended to throw off the product's slightly old-man image and boost sales to chaps willing to pay £10.50 for a can of shaving foam or £21 for a 100ml bottle of aftershave. To achieve this it has been reformulated - all those extra silicon derivatives - and repack-



A close shave: Ken Collins, hairdresser at Claridges, in a smooth routine

aged. It is now going to be sold in clouded, not clear, glass bottles; the grey used for the shaving foam's container is lighter. Wow.

There is plenty of room for growth; so far Pour Monsieur is only a follicle on the face of

the cosmetics market. Chanel sells six times as much of its ladies' perfume No 5. But the company must reckon it cannot be too long before as many men as women care about how they smell.

And in the smell stakes,

Pour Monsieur fares well. I thought of trying a proper consumer test, but a sniff along the shelves of Boots the Chemist proved the only challengers are the equally expensive products from other perfume houses. In comparison, stan-

dard pre-electric lotion or after-shaves smell like white spirit. When it comes to the top-notch products, the differences are a matter of taste. (Incidentally, Claridges uses its own brand when not running promotions for Chanel.)

Pour Monsieur is described as combining Sicilian lemons, cardamom, oak moss and Virginian cedar. It is certainly lemony, as in *tarte au citron* rather than washing-up liquid. "Proooooor," said my wife, but I think she liked it really.

When in London say 'Chodo ii'

It is lunchtime in Hanover Square in central London, and House of Hanover is crowded with tourists filling their shopping carts with Walkers shortbread, Wedgwood china and Twinkles tea. A saleswoman rushes over to a man who has wandered toward a rack of Burberrys raincoats. "Excuse me sir, those coats are for women," she says, steering him to the men's side of the department. "We have many stylish items," she exclaims. "They're very cheap."

Actually, she said something more like: "Sumasen, sochira wa josei na mono desu. Kakkoii mono arimasu yo. Yasu desu yo." For House of Hanover is not just a run-of-the-mill souvenir shop. Along with several other such stores in London, many with familiar Japanese department store names, it caters almost exclusively for Japanese tourists.

Many of the staff in these shops are Japanese, as are 70 to 99 per cent of their customers. The shops carry largely the same range of typical British products, but the ethos in the stores is imported from home. At Igirisu-ya, for example, formal announcements over the shop sound system thank the shoppers for their patronage in formal Japanese, and bowing clerks murmuring "frazshimase" ("Welcome to our store") can be seen in every department.

Shopping is an essential component of a Japanese trip abroad and according to the British Tourist Authority, Japanese people regularly list good shopping as a reason for coming to London. Japanese custom dictates that travellers

must bring back *omigae* - souvenirs - for everyone.

The Japanese are among the most generous spenders to visit England. According to British Tourist Authority figures, the Japanese spend 16 per cent less time in Britain than all other foreign visitors, but part with 37 per cent more money.

Although figures have not been compiled for 1993, the BTA estimates 580,000 visitors

Many of the goods in the shops, although available in Japan, are as much as 70 per cent cheaper here. But according to Noriko Mogami, assistant manager at Takashimaya: "A lot of Japanese have a business-orientated mind and they know a lot about how much things cost. As soon as they come into the shop they bring out their calculators and if they think an item is not much cheaper than it is in Japan,

they won't buy it."

While she spoke a Japanese mother and daughter huddled over a pile of Ballantyne sweaters, punching the prices into their calculators. "So £30 means ¥7,000... is that cheaper, do you think?" they murmured.

At House of Hanover, manager Koichi Nagashima said customers were now more choosy. He said *shodo-gai* - impulse buying - was rare. "They used to buy things just because they were there. Now they are careful to buy what they want."

In recent years, Japanese tourists have become less content to jump on a bus and be led to House of Hanover or Takashimaya.

Mogami said that although Japanese tourists used the speciality shops almost exclusively 10 to 20 years ago, they are now more aware of other, more "native" shopping attractions. She said many people were repeat travellers who "know where to go and do not go to Japanese shops any more. They now go to Sloane Square, Kings Road, Covent Garden and the markets."

"Now we are asked many times how to get to Camden or Fortbelio so we are becoming a tourist information centre." As more travellers break away from the traditional package tour, shoppers will branch out in their shopping habits.

Mami Tanaka, a university student, was travelling for nine days in London with two friends. Although they went on one bus tour, they had been scouting through Harrods, Marks and Spencer, Selfridge's, Laura Ashley and Liberty. Staff at many high street shops frequented by Japanese tourists say they considered them good customers. "They are very polite," said Miss Olga

Gasson, a sales clerk on the ladies' rainwear floor at the Burberrys Regent Street store.

Some 42 per cent of Burberrys' sales come from Japanese tourists, and the company makes special small sizes for Japanese bodies.

Liberty gives out extra bags to Japanese customers to use as gift wrap. These stores also cater for Japanese shoppers by placing Japanese speakers in their most popular outlets.

Burberrys has three in its Haymarket store and two in the Regent Street store. Liberty on Regent Street employs one Japanese speaker and is teaching several of its staff who work in the departments where Tana Lawa scarves, fabrics and bags - very popular among Japanese women - are sold.

One of the most important phrases that staff are taught is "Chodo ii" - "That's perfect!"

In London's special Japanese shops, there are no language barriers and they accept yen. Motoko Rich reports

travelled to Britain from Japan, spending around £312m, up 8 per cent from 1992. The number of visitors has grown steadily since 1978.

Three main tour companies, Japan Travel Bureau, Nippon Travel and Miki Travel, serve about 155,000 tourists a year between them. They deliver clients to the Japanese shops at the end of half-day bus tours, sometimes for just 20 frenzied minutes.

For those whose visits are brief - and a two-day stop is common - shopping must be squeezed in between sightseeing, theatre-going and restaurant hopping. The special Japanese shops make things easy: there are no language barriers, they provide VAT refund services (Sogo in Piccadilly automatically calculates the refund on the sales receipt, and the back of the receipt is a customs form) and they accept yen for payment.



House of Hanover's manager Koichi Nagashima sells UK-branded goods to Japanese visitors

Timor Hargrave

Old idea: new greeting

Keeping up with the designer age is a challenge. Helen Lowry finds how the card industry is coping

Even in the age of fax, telephone and computer, there is still no better - or more popular - way of communication than the greeting card. According to the Greeting Card and Calendar Association, 2.47m cards are sold each year in the UK alone.

Greeting cards are keeping pace with our increasingly design-orientated times. Individual artists, craftsmen, photographers, illustrators and architects are turning their hand to the art. Cards now display a range of design techniques and there is a wealth of choice.

According to Christopher Cordingley, of Art Angels Publishers: "It is a heavily populated industry in which you have to carve your own niche." He looks for a distinctive style and images which have a universal appeal. Lucy Clibborn is one of four recent art school graduates he has commissioned.

Initially inspired by a postcard made to illustrate her degree show, she now has a range of 50 cards which are sold worldwide. She uses two techniques, monotyping and Besse (primal paint). Her gently humorous designs are full of detail. "Hand in Marriage" features a couple in traditional wedding dress within the outline of a hand. Surrounding them, and in

the fingers, are hearts, champagne glasses, a wedding cake, and various other objects associated with marriage.

Each Art Angels card is given a title and all are "blank message" cards. Improvement in reproduction quality has opened the market to numerous other professionals.

Emma Tennant specialises in rag-rug making, a traditional craft in the south of Scotland from where she comes. She describes the craft as "the flip side of patchwork".

Using left-over bits of wool, in particular scrap tweed, she pulls them with a book through hessian. First transformed into wrapping paper, the bouncy texture and vibrant colours are captured equally well in card form. Living on a farm, Tennant's designs are inspired by looking out of the window.

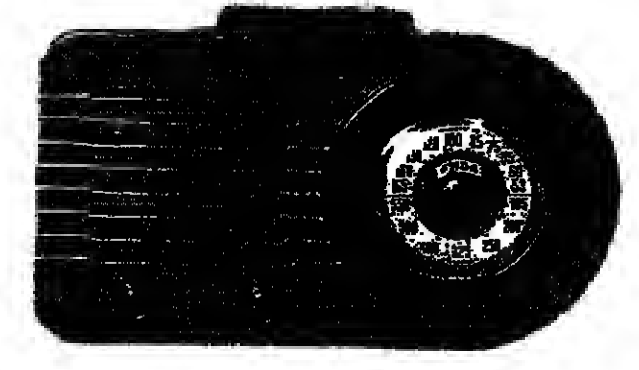
It is partly the simplicity of her designs - a cat, sheep, pig or flowers - which gives the cards their charm.

Michael Ashpool, of IMAI Design, also uses a traditional craft, the Japanese paper-folding art of origami. He regularly makes trips to Japan to buy "washi", vast sheets of handmade, silk-screen paper.

He believes that "an image must be simple and stand out." His first, and most popular design, is a miniature representation of the kimono, one of the most recognisable and colourful of oriental images. His range also includes a swan and butterfly, and can be bought at The Conran Shop (address below); The British Museum, Bloomsbury, London WC1; and The Japan Centre, Piccadilly, W1.

Individual ventures and contemporary designers are only one aspect of the card market. Galleries and museums, as well as reproducing items from their collections, are increasingly bringing out ranges to cover special exhibitions.

The Victoria and Albert Museum, Cromwell Road, Lon-



From the Design Museum: a cut-out card of a Fede Radio

don SW7 2RL, has a large and varied card selection, ranging from reproductions of William Morris prints to hand-made cards by young contemporary artists.

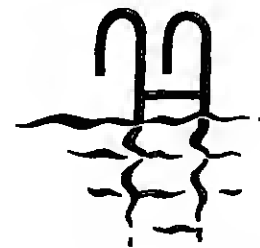
They have produced a series of cards following the popular Fornasetti exhibition. Black and white designs feature the classic Fornasetti woman. Her smooth and expressionless face forms the head of a light bulb, a sun, or just her eyes and nose are encompassed in a winding ribbon.

Fornasetti's colour drawings, although blank inside, have "occasional" themes. "Paloni",

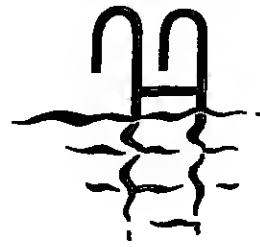
which depicts a sky scattered with hot air balloons, is an ideal card for someone about to set off on a trip; "Brindisi", the striking image of a man and woman's arm crossing in the air, their glasses raised in a celebratory gesture, could mark an anniversary or engagement.

The Design Museum, Shad Thames, London SE1 2YD, has a small but excellent selection. Fold-out cards, created by Japanese architect Masahiro Chatani, depict simple shapes, scenes or buildings. "Dining Niche", a table and chairs, captures the intimacy of a dinner.

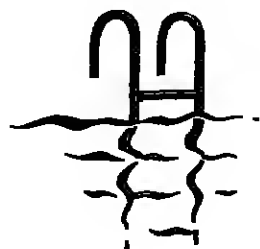
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TRAVEL

Fiddles, pipes and pubs in County Clare

Miltown Malbay is the kind of town people drive through to get somewhere else. Surrounded by hay field and cow pasture and rhuabarb patch, it sits in the Irish county of Clare a mile or so inland from the Atlantic coast.

Not far away are the sort of attractions that draw hordes of sight-seers: to the north, the battered cliffs of Moher, to the south, across the mouth of the Shannon, the lush Ring of Kerry. But no tourists ever stop in Miltown. I only stopped there myself for the pubs.

Irish pubs are remarkable. To say nothing, for the moment, of what goes on inside them, they have a strong external visual appeal - half the arty postcards on Ireland's news-stands are of Irish pubs. It is not just that they are quaint and colourful. They demand a particular Irish genius, a flair for spontaneity. Ignore the nylon bedsheets, the plastic flowers, the porcelain ducks on the wall, the framed, illuminated Jesus over the bar in your bed-and-breakfast room. The same disingenuous, naive, confident and quirky style that produces them finds its true expression in the Irish pub.

Who can decorate in forthright pink and mauve and get away with it? Only the roadside pubs and fuchsia hedges in the west of Ireland.

The pubs of Miltown Malbay, though, failed to amaze with their facades. In fact, they seemed dowdy and deserted, in need of a window-washing and a coat of paint. Those with lace curtains seemed downright dusty. What was impressive was their number. No more than 600 people live in Miltown. Yet, scattered along its little high street - and far outnumbering such pedestrian establishments as M Lenihan's Hair Salon and Casey's General Drapers and Outfitters - are no fewer than 19 pubs. Dowdy or not, any town with 19 pubs deserves, I thought, a looking into.

It does not take much asking around. Any citizen of Miltown will tell you that for a large part of the year most of these places are moribund; open, yes, but hardly busy. I stuck my head in one and withdrew it, disconcerted by the sight of one lonely white-haired drinker sitting in front of an empty pint glass. O'Brien and O'Donoghue's, Hiller-

y's and Hennessey's, Cleary's, Clancy's and Cogan's, Tully's and Tom Malone's, the Fiddler's Inn, the Armada Lounge, the Malbay Bar, all these and a handful more pubs survive, but only just.

Why so many drinking establishments in the first place? Not so long ago Miltown was a husier, more prosperous and thistlier town than it is today, a market centre that served a countryside of cattle farms. In the age of prolonged recession and EU production quotas, though, not even the greenest grass in Europe can guarantee prosperity. As in many chronically depressed towns of the Irish west that have failed to pick up on tourism, people have lost jobs, lost heart, packed up and gone away. It is nothing new; it has been happening on and off here ever since the potato famine.

Dowdy or not, any town with 19 pubs deserves serious scrutiny. Nicholas Woodsworth was equal to the task

Yet Miltown, Malbay and its pubs hang on. In chatting over a large whiskey with Muiris O'Rochain, I learned a little about the Irish music that is keeping this town and its traditions alive.

Muiris is a cattle farmer, a tall, burly man with an outdoor complexion. Yet all his life, like many other people in Clare, he has had a second activity, an occupation that amounts almost to a calling - music.

In western Ireland, and in Clare particularly, traditional music - the setting of fiddle, flute, whistle, uilleann pipes or concertina to old songs and tunes - is more than a hobby; it is the vehicle that carries the memory of the past.

Nor is there any question about the power of Irish music to carry such a ponderous emotional load. In the high driving lilt of the fiddle or longing of the uilleann pipes there is something compelling, irrationally stirring. Like the best, simplest and strongest of arts, this is a music that draws on something far deeper than mere intellect. What makes it different is that it is the expression not of the individual but of the group. This is clannish

music, tribal music, a racial recollection.

Walk into a pub where a roomful of drinkers are gathered near a table of fiddles going full tilt, or round a woman singing alone in sad lament and your tribal brain will recognise it for the old call it is. It will raise the hairs on the back of your neck and set your blood pumping.

Twenty years ago, Muiris told me, he was spurred to action by the death of his friend Willie Clancy, then Clare's best known musician. Like other admirers of things Gaelic, Muiris saw that the old ways were slipping through their fingers, that knowledge of Irish music was dying with the passing of each generation. So began the Willie Clancy Summer School, a link allowing the passing on of

music to younger players.

Today it is a school of international repute, drawing 800 advanced musicians a year to intensive classes, lectures, workshops and recitals in Miltown. In their wake follow 6,000 enthusiastic non-enrolled musicians and music lovers who night and day crowd into every pub in town to exchange tunes, pick up techniques, and enjoy "the crack" - the good times that flow from music and beer and Irish conviviality.

When the sun shines, Miltown Malbay makes hay. For the short period the school is in session the town's bars, shops, restaurants and bed-and-breakfasts make a handsome turnover. Without the profits generated by the school, Miltown's economy, less resilient than its musical culture, would collapse.

If money is in short supply the rest of the year, music is not. On the evening I spoke to Muiris, I wandered down to Spanish Point, where in a pub overlooking the sea the Wolfe Tones were giving a concert.

Thirty years ago they were young firebrands, four hot-blooded musical militants from Dublin who could work a crowd to fever-pitch with

republican songs of British oppression and the glory of Irish martyrdom. Today they are old firebrands, greying, red-faced, and tending to fat, but still together and still capable, through their music, of firing the emotions of Irish history.

During the evening the Wolfe Tones missed no chance to denounce, musically, what between songs they called "200 years of the impoverishment of Ireland by British government policies". By the end of the evening, closing with *A Nation Once Again*, they had the younger and more athletic section of the audience swinging, literally, from the rafters.

But Irish music is not made by cabels bent on sentimentalising violence. At its best it is poetry, and in Clare its inspiration comes less often from violence than from the gentle world of bog and farm.

On the morning I met him, Junior Crehan told me he began composing songs simply by listening to the world as he worked around his farm - to the rhythmic sound of a mowing machine, or the huff of the West Clare Railway in the distance. Despite his name, Junior has silvery hair, tobacco-stained fingers and blue eyes that have turned milky with age. At 85 he is the respected doyen of Clare musicians; his jigs and reels have sent friends dancing across the great stone flags of his farm-house since the early part of this century.

Junior apologised for his sleepiness as we talked in his kitchen; the evening before, in the nearby village of Mallow, he had played fiddle in Moroney's Bar with a dozen other musicians until two in the morning. That was nothing, he said; as a young man he had often played at country house dances until 7am.

"Some people thought we were crazy," he said, "but they knew nothing about music. It was in our blood. For us it was a religion."

Perhaps too much so. In the 1930s the Irish clergy, citing immoral behaviour among the young, pressed for the passage of the Dance Hall Act. It was a bill which brought the days of the great country dances to an end and provoked a long decline in traditional music.

Not everything from that period is lost. Traditional Irish music has undergone a great revival and, says Junior, never looked better than



today. Best of all remain the late-night pub sessions that sometimes begin only when the blinds are drawn, the front door is locked, and the place appears closed.

In Friel's, a Miltown pub that is second home to local musicians, no matter how tough times get, you are likely to hear an impromptu session begin any time the Guinness begins to flow. If you wait long enough you will see music, stories

and poetry transform themselves as the night draws on from simple words and notes into some kind of magic.

What I am waiting to see now is the week when a thousand fiddle and pipe players are let loose in the street of 19 pubs.

Send inquiries about the 1994 Willie Clancy Summer School (July 3-11) to: Muiris O'Rochain, director, Scoil Samhraidh Willie Clancy, Mil-

town Malbay, Co Clare, Ireland.

Irish Cycling Safaris organises guided tours around the west coast of Ireland. It says the tours combine quiet country backroads with traditional Irish entertainment. The charge is £275 for a week, including bike hire and seven nights' b & b; add about £10-£15 per head per day for lunch and dinner. Inquiries: 7 Derry Park, Dublin 6, Ireland, tel: 010-353-1-2600749.

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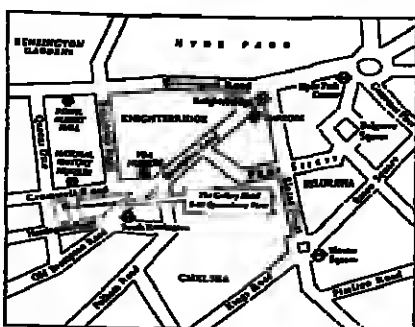
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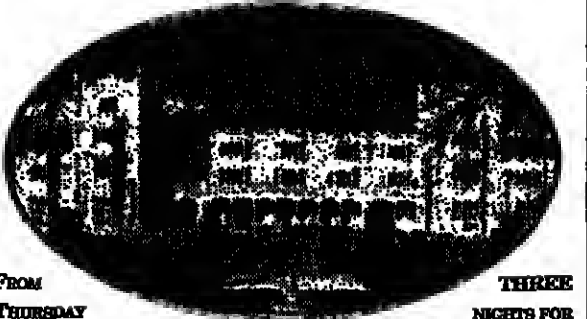
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TRAVEL

Nicaragua: waiting for the boom-time

In a rage and terror, the bull tore free of its captors, flew past me and rampaged out of control down the main street. The creature had been right to struggle, yet his heroic and violent resistance could not alter the fact that the last wooden building in the street, the slaughterhouse, was getting nearer.

He was not really out of control. The three young local farmers had simply loosened their grip on the ropes as their constant goading of the wretched animal finally became too much for him. It had taken them 40 minutes to drag him as many yards, slithering through the mud and letting out groans of anguish. He knew where he was going, and yet by charging at his tormentors he was playing into their hands.

Such violence and cruelty seemed incongruous amid the tranquil surroundings of El Castillo. The river bends at this point, and the jungle yields briefly to the pressures of 20th century agriculture. This minor event in the state's passage of the Rio San Juan is marked by a modest hill, crowned by the remains of a 16th century fort, a reminder that this part of southern Nicaragua was once a prize to be fought over by the world's foremost economic powers, Spain and England.

For centuries this wide, navigable river, which flows into the huge Lake Nicaragua, seemed the most likely place to build a waterway linking the Atlantic to the Pacific, although it lost out to Panama.

There is only one real street in El Castillo, the village the Spaniards built. It runs all the way along the river and round the base of the hill, and is lined with little wooden houses. There are no cars. The near-

Lizards, spiders and the owner's daughter joined Mike Bartram in his hotel bedroom

est road is in San Carlos, three hours away by motorboat. And San Carlos is hardly a transport hub - if you miss the bus you have to wait four days for the next one.

People do not go there much these days. Why should they? It is not on the way to anywhere, except the even more remote and apparently charming Caribbean port of San Juan del Norte. So I felt privileged to be there for its biggest day of the year - the day when the minister arrived from Managua to hand over formally the land titles to 400 families.

As the focal point of the village, the ruined fort was the natural choice for the ceremony. Much of its ancient stone had disappeared, for the time being, beneath swaths of blue-and-white ribbons and flags. Most of the grass had disappeared, too, beneath the feet of hundreds of flag-waving, placard-bearing peasant farmers, though enough of it remained to provide a brilliant contrast with the searing blue sweep of the river below.

The excitement had been mounting since the previous evening, with dozens of villagers of all ages making banners with upbeat messages of peace and reconciliation, or little flags in the colours of the UNO government. The sound system started blasting out uninhibited dance music from the top of the hill from 10pm the following morning.

The crowds gathered on the hill were augmented by the arrival of a number of overladen river launches. A convoy of three helicopters, one containing the minister for agricultural development, added a final touch of drama.

Anyone who reads the national papers in Nicaragua will know how common these events are becoming. The authorities are not doing anything as dramatic as transferring ownership of the land to the peasant farmers; rather, they are legitimising their existing holdings.



And that is important in itself.

I enjoyed many long conversations with the locals: everyone wanted to talk. None of the people had great expectations of riches, or of changes in their lives. They believed in God, and in the importance of the family. They had limited ambitions - more and healthier food; better clothes - but they were not, generally, dissatisfied. Some people did want more. I was told, and had gone to work in Costa Rica, where wages are double those in Nicaragua. But not them.

I was intrigued to find that about half the households owned a television, although a set costs about the same as it does in the west - a king's ransom when you are on a Nicaraguan wage. But as an old man said:

"It helps to pass the time."

I spent many hours watching the world go by: a man heaving load after back-breaking load of plantains down the street; dogs and chickens scavenging; children trying to play baseball with anything that came to hand, such as a crushed tin can; people sprinting for cover as a drizzle turned quickly to downpour; communal singing in the two basic wooden sheds over the road, which they refer to as churches; the flitting of teenage boys from the *hospedaje* (cheap guest house) with the girls in the house opposite.

There are two places to stay in El Castillo - the *hospedaje* and a new tourist hotel. I spent most of my three days at the cheaper place. It

started very promisingly: I was greeted by the friendly owner and shown to a lovely large, clean room with three beds, plenty of room for my things, and a window on to the veranda.

After a couple of hours, the owner asked if I would mind moving to another room. I watched in amazement as one of his daughters gathered up a handful of clothes from her cluttered bedroom, into which I was ushered.

I sat on the bed of this airless broom-cupboard of a room, and waited for her to return and remove the rest of her things; but no. Towels and dresses filled shelves and hung on hooks. Pop pin-ups adorned the walls. Perfume, piles of clothes and all manner of personal

possessions littered the room.

All that was missing was the daughter. I pushed aside a sheet to reveal a 4in spider, which darted around for a while in an agitated state before making for the ceiling to join the lizards. There was no window; the room was about a third of the size of the other; the door did not shut if you were inside, and you could not switch the light on or off.

Such was the respect for my privacy that the first morning I opened my eyes to find the daughter, no more than a couple of feet away, rummaging through a pile of her clothes. When I asked the owner where I should put my things he said simply: "Put them on top of hers."

The *Albergue Turistica*, built with the help of the Germans, is the new face of tourism in Nicaragua. No need to pile your clothes on top of someone else's here. But there is a catch: it costs \$15 against \$2.50 at the *hospedaje*, and there is no atmosphere.

When I arrived at the *Albergue*, I was reminded of the huge, empty castle in *Oliver Twist*. A bearded Spanish gentleman finally emerged from the veranda overlooking the village and shook me warmly by the hand. He had obviously been caught off-guard by someone actually wanting to use the hotel.

"What have you got to drink?" I asked. He scratched his head and we went to the kitchen to have a look in the fridge. Same routine for lunch. He spent the afternoon in a business meeting, discussing ways of cashing in on the tourist explosion which, he felt confident, was just around the corner. All of the local farmers I spoke to were on his side, seeing tourism as the route to a better life. But they were not holding their breath.

Practical Traveller/Angela Wigglesworth

Self-catering in stately style

It was a cold and windy night as we drove along the country lanes around Bath, looking for our medieval moat house. And there it was, grey and stately, a fire blazing in the oak-panelled sitting room, grand piano in the hall, four-poster in the bedroom with a decanter of sherry and chocolates on a small table by the fireplace. The *en suite* bathroom had a free-standing bath and sociable chairs.

This was our self-catering home for the weekend, the house once host to William III. It is now managed by Rural Retreats (tel: 0286-701177), a small company offering "round-the-clock" cottages to medieval mansions. Visitors are able to arrive and leave any day of the week, with a minimum two-night stay for most properties - a rare facility in self-catering, where

Saturday-to-Saturday bookings are usually required.

The standard of self-catering accommodation in Britain has shot up over the past few years. It might still be a question of changing one kitchen sink for another, but there are microwaves, fridges/freezers, washing machines and driers in well-equipped kitchens to soften the chores. Several companies provide baskets of groceries, a bottle of wine and pre-cooked meals: Rural Retreats sends menus in advance to choose from.

In his *English Country Cottages* brochure (tel: 0328-851155),

Rowland Hardwick certainly offers the stuff of railway enthusiasts' dreams. The company's properties, which are also in Scotland and Wales, include a former railway carriage (1916 for three nights) and a parcels office (1936 for three nights) both with living/dining room, bathroom, double bedroom and kitchen, at Horsbridge Station in Hampshire.

If you fancy an inshore lighthouse, Gothic temple, Victorian water tower, royal palace or converted pigsty, try the Landmark Trust (tel: 0628-825925), a charity set up in 1965 to rescue

small historic buildings and open them to the public for short holidays.

In turn, 45 of the 200 National Trust self-catering properties (tel: 0225-791199) are in, or close to, trust houses, and visitors are free to wander round their sumptuous gardens when day visitors have gone.

Some companies stick to specific areas they can keep an eye on: Helpful Holidays (tel: 0647-433593) covers the west country, and its 400 properties include a thatched hexagonal gingerbread house, a former gamekeeper's home for

six, a Napoleonic Fort for 20, with an 80ft living room and an almost-private beach.

Quality Cottages (tel: 0348-837873) covers the Welsh coast from Pembrokeshire to Anglesey and offers discounts for couples and families up to four.

Americans specify castles rather than big houses, according to Melody Macdonald, who runs Castles and Country Estates (tel: 071-373-1451). The English, she says, are more concerned with swimming pools, tennis courts and being within easy reach of somewhere else.

Her brochure is awash with castles packed with portraits and heirlooms. One, on a 500-acre estate with staff included, sleeps 25. She has properties in London, too.

If you want the freedom of self-catering without too much of the catering, try Bradock Veau Country House Hotel near Falmouth (tel: 0226-250288) or Hell Bay Hotel, Isles of Scilly (tel: 0720-22347).

Longlands, at Carmel in Cumbria (tel: 06395-86476) won the 1993 "Self-catering holiday of the year" category in the England

for Excellence awards for its pretty courtyard cottages - the owners offer home-cooked meals, and free use of a nearby heated pool and spa bath.

In London, the newly-opened Orion London Apartment Hotel (tel: 071-566-8000), opposite the Barbican Centre, has studios for two and apartments for up to four.

If you want to see before you choose, contact Brights of Nettlebed (tel: 0908-215395), which, to help you decide, sends a video of its three and four-bedroom houses with gardens and views in Torquay.

Useful books: *The Good Holiday Cottage Guide*, £3.50, Swanlon Press, PO Box 21, Herford SG14 2DD; *Self-catering Holiday Homes in England*, £5.99 plus £1.60 p&p, English Tourist Board; *Self-catering in Wales*, £2.95, Wales Tourist Board.

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PROPERTY



For around £500,000: Grafton Farm, a stud near Guildford, Surrey, with 16 boxes and 48 acres of paddocks



The view from The Gallops, a new development of apartments overlooking the heath at Newmarket, Suffolk, and priced between £85,000 and £138,000

The 1994 flat racing season began on Thursday in a happier horse world than 1993. This is not just the perverse optimism that owners, trainers, jockeys and punters need to survive in a chancy business, nor the success of the recent Cheltenham festival.

No, the signs are good. The December Tattersall sales at Newmarket were encouraging as prices for bloodstock beat expectations - if "from a low base", as George Windsor Clive, of equestrian property specialist Christopher Stephenson International (CSI), remarked - and more horses are in training.

Prices for horse properties have stabilised, too, and breeders are starting to think again of buying stud farms although there is no boom in sight; prices must be reasonable to attract buyers. The Jovington Place stud farm (with 33 loose boxes) in East Sussex is now under offer, soon after CSI brought it back to the market, and will go for a sum well down on the original £1m minimum asking price.

In the south-west, estate agent Millerson reports that demand has picked up for horse properties. Families look for five to 10 acres to go with their house and two or three loose boxes. Professional riders want indoor (or outdoor) rings and a yard with plenty of stabling.

Prices are attractive. In Devon, West Quithier Farm near Tavistock (11 acres, four boxes, outdoor school) is on offer at £159,950; and Mews Cottage Farm near Okehampton (eight acres, eight stables, grazing rights on Okehampton common and riding on Dartmoor) at £165,000. On Exmoor, Tufers is for sale as a

Back under starter's orders

Gerald Cadogan finds that demand is picking up for properties with an equine emphasis



For more than £1m: Arena UK, a palace among horse centres at Grantham, Lincolnshire. It is described as a "good commercial property"

working business for over £300,000; it sends out plenty of horses for hire for fox and stag hunting (the agent is named Stags, too).

Stud farms have been hard to sell in recent times as the only buyers are other horse people. These must have deep pockets or be able to call on backers - who, often in the horse world, fail to show at the moment of need. Those owners who are making their stud farms around Newmarket "quietly available" at £700,000-£1.5m an acre (through CSI) are probably wise to do so. The serious buyers will find them.

In Surrey, a stud on public offer is Grafton Farm near Guildford; it has 16 boxes, an indoor school, and 48 acres of paddocks plus house,

cottage, swimming pool and tennis court - all for around £600,000 from CSI. The owner is selling to move her operations to a larger property.

Another that has been on the market for some time is Rookery Park near Nantwich, Cheshire (CSI, offers over £1m).

New on the market is Longfield Stud at Middleton Tyas in Yorkshire (near Scotch Corner, where the A66 separates from the A1), for which Lowther Scott-Harden asks £310,000. Nearby, overlooking the village green, is West Hall, a handsome Grade II house on offer for more than £495,000. The vendors of both are the agent's chairman and his wife.

Near Bury St Edmunds in Suffolk,

West Show Stud - in tip-top condition with 18 boxes - is for sale from Bedford for £535,000.

Equestrian centres fit the modern, grand name for the places in which horses are trained in the skills of dressage and show jumping. Near Cirencester in the scenic Cotswolds, Crawshaw has 13 loose boxes and a fine outdoor school. The price is down from £325,000 to £295,000 (from Butler Sherborn and CSI).

In Scotland, John Bradburne is starting an equestrian property agency under his own name on April 6. An amateur rider under National Hunt rules (he rode at Cheltenham last week) and husband of trainer Sue Bradburne, he set up the equestrian side of Edin-

burgh agent Langley-Taylor in 1991. His new firm is taking that over.

One of his first properties is Myothill riding centre at Denny in Stirlingshire, with 24 boxes and eight paddocks for £225,000. Bradburne also offers to let Easter Kilwhiss Farmhouse near Ladybank, with six boxes, for more than £600 a month.

Arena UK at Grantham, Lincolnshire, is a palace among horse centres with frequent shows and a humming business; a "good commercial property," says Windsor Clive. Offers to CSI should be over £1m.

Its French equivalent, Cristal-les-Rangs at Ozoir-la-Ferrière, 15km from Euro Disney and 26km from

Paris, is available for FF19m (£2.17m). Some financing is available from a French bank.

In Yorkshire, Savills is selling Cart Hill House at Upper Cumbworth, near Huddersfield, with 17 boxes for £325,000. But if all you want is a base for hunting, Haddon Dale in Northamptonshire looks ideal: it is a late-Georgian hunting box close to the Warwickshire and Grafton hunts. It has four boxes and a sandpans, six bedrooms, and three bathrooms to ease limbs tired from a day with hounds. Price: £390,000 (from Jackson-Stops in Northampton).

If polo is your game, Pendell Polo Stables at Sturlock Row in Berkshire costs £275,000 from Agnew or

Hamptons. And if your goal is to own a saddlery, Savills in Cambridge is selling the Sandon Saddlery Company in two parts (at Sandon, Hertfordshire, for £350,000 and Holt, Norfolk, for £250,000). Combined turnover is £690,000. The company specialises in side saddles and western-type saddles.

And what is available for horse folk who do not want to be too close to the muck and sweat? Across the road from Sandown Park racecourse in Surrey, Octagon is building Pemberton Place, a courtyard development with prices ranging between £245,000 and £345,000.

At Newmarket, Dencora is finishing The Gallops, 18 apartments where you can wake up to see the horses exercising on the heath from your bedroom window. The agent is Jackson-Stops; prices between £85,000 and £138,000.

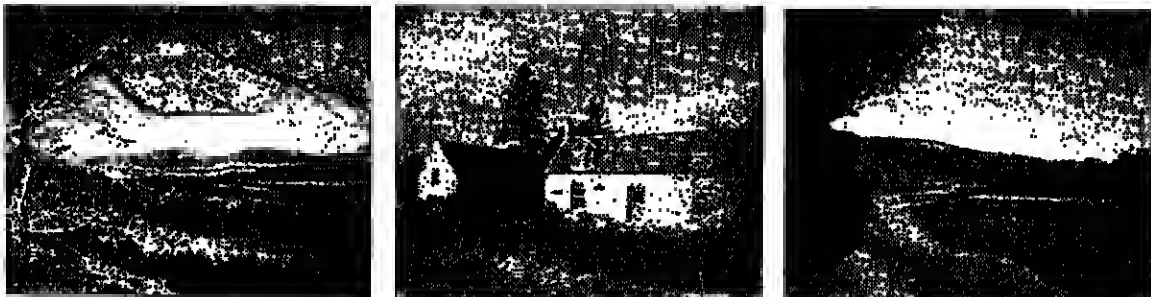
You could, of course, choose the flat in the stable yard clock tower at Chippenham Park outside Newmarket (through Bidwells for around £79,500). The clock mechanism is in the attic.

Further information: Agnew (071-221-6252); Bedford, Bury St Edmunds (0234-766883); Bidwells, Cambridge (0223-541842); John Bradburne, Cupar (0337-516325); Butler Sherborn, Buryford (0893-822325).

Hamptons, Wokingham (0734-793066); Jackson-Stops, Newmarket (0638-662231) and Northampton (0604-32991); Lowther Scott-Harden, Darlington (0325-720 976); Millerson, Tavistock (0322-617243); Octagon, East Molesey (081-941-1131); Savills, Cambridge (0223-322955) and York (0904-620371); Stags, Davenport (0398-23174); Christopher Stephenson International, Newbury (0635-328555).



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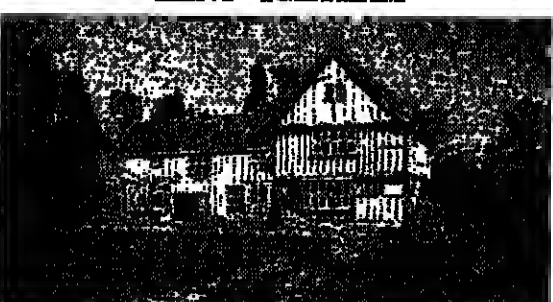
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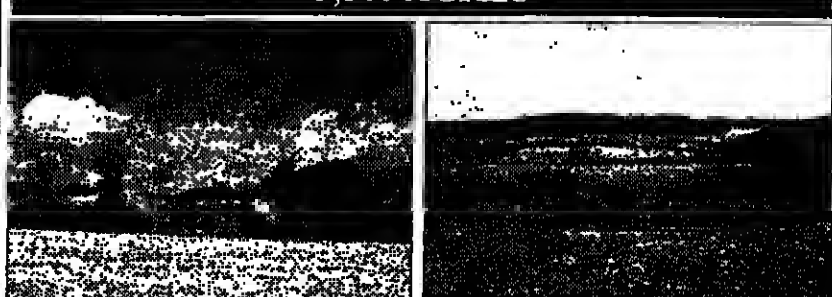
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OUTDOORS

Farewell to a gardener of rare vision

Robin Lane Fox salutes a woman whose skills spanned two societies

Gardens are wonderfully ahead of schedule and, like those of you who are starting out on a new site, I find myself beginning with plants up walls. Unlike you, I find myself thrown back on old memories. Climbers are needing attention in this early season but, first, mine must pay a tribute to one of their great exponents. Last weekend, British gardening lost a special person when Alvide Lees-Milne died in her 84th year. She was the wife of architectural historian James Lees-Milne, co-editor of the best-selling *Englishwoman's Garden* and herself the maker of two post-war gardens of rare distinction.

Neither a climber nor a rambler, Alvide had spanned two different societies, southern France and post-war Gloucestershire. Nowadays, expatriate English export their own taste to their enclaves in France, but Alvide stood for a subtle and opposite approach. She absorbed French style and formality, not merely in gardens but also in fashion, and tempered it to her later life in the western Cotswolds.

Her mental vision of a garden was

unusually Anglo-French. I remember our first encounter, from which I inferred (wrongly) that this old rose was waiting to show its prickles. Are you the young man who likes tree lupins but does not like herb gardens, she asked me. You should learn to like herb gardens and dislike tree lupins.

Several of us were standing round over cocktails, having just won prizes for writing books, and I had no idea that my apt deflator was herself the owner of Britain's most stylish herb garden and had stood her ground aesthetically in many exchanges with Vita Sackville-West, with whom she had been an intimate friend. The Sissinghurst which you like so much, Alvide told me firmly, is no longer Sissinghurst: these days, it is much too tidy.

This was in the mid-1970s and she was planning to move from her big garden at Alderley Grange to something smaller, colder and much more limited. She found it at Essex House in Badminton, Gloucestershire, where she made her superb second garden far more quickly than I, meanwhile, made my first. Not only did she have a marvel-



Clematis *Armandii* climbing to spring glory

lous eye for climbing roses and vertical plants but that eye also valued a strong, formal framework, clipped in box hedging and topiary patterns long before Sir Roy Strong championed this style from a vantage point even further west. Only within this firmly-controlled framework did she let plants have their way, the English aspect to her Anglo-French aesthetic.

At Sissinghurst, the female eye was more Oriental and romantic, whereas the firm framework came from the male half of the partnership. In Gloucestershire, Alvide was every bit a match for her architectural partner; she did not want an unstructured feminine paradise and, on subsequent meetings, I came to realise that what had first sounded like coldness or even

sharpness was, instead, a shy and exact reflection of this formal sense which showed in her view of a garden. She never relented on tree lupins, though.

From Alvide, I learnt to spread wall shrubs and young climbers on to a fan of long bamboo canes set against a wall, one for each young shoot. The stems will then grow apart without criss-crossing and

will give you an open, well-furnished spread. Against her principles, however, I have also learned to bring back untidiness by never planting one climber when two will do.

This weekend, when you buy the best of all climbing roses, the pale pink New Dawn, or agitate about the elusive white rose Sombreuil (which, Alvide said, was neglected

unjustly in England), remember to buy a later-flowering clematis and plant it beside each rose.

The blue *Perle d'Azur*, or the small-flowered *Viticella* or *Texensis* varieties – even *The President*, which comes earlier – will grow up through the roses and give you the further season which most books ignore.

I have been slow to recognise the possibilities here, but they go beyond clematis and roses. I now have a climbing *Solanum* scrambling through my favourite evergreen on walls: the cream-variegated *Rhamnus*, which also was a Lees-Milne favourite. The scarlet *Eccremocarpus* will scramble up through a climbing *Hydrangea*.

I have late-flowering clematis through the spring-flowering evergreen clematis *Armandii*. And I now mix wild sweet peas into the lower reaches of the yellow-flowered clematis *Bill Mackenzie*, a star turn on a sunny wall (which you can cut back this weekend to within 3ft of its base).

Double up: break the rules and extend the season. Even rose *Sombreuil* is an admirable host for the vigorous clematis *Jackmanii* if you do not prune the clematis too hard, so encouraging it to reach above the rose and flower over its head. Once you begin these combinations, you will find that you double the scope of your house wall.

My vision of the next 10 years is one of gardens in smallish spaces, planted in great (but selective) profusion, which break out from a slight framework of green hedging and edging; Sissinghurst, perhaps, as Alvide knew it in its owners' later phase.

She might have wished for a clearer continental outline; but then, I still like those tree lupins – and I have to say that I have never liked any herb garden except for hers.

Heritage/Clive Fewins

When a chapel is made redundant

It is not just Britain's fine old parish churches that have had a hard time attracting congregations in recent years. Many nonconformist chapels find themselves in the same position.

However, to some eyes, not many of the 4,000 chapels that are listed buildings are as architecturally appealing as their Anglican counterparts. This means plans to make them redundant, in the same way as churches, have to be tempered with the fact that few would be likely to attract a steady stream of visitors.

Generally, most chapels that are declared redundant are put to other use. In a small number of cases a building has been considered to be of such architectural merit that to convert it into a house or business

premises was deemed inappropriate. Most of these higher grade buildings are recognised by having a grade I or grade II listing, which in itself presents a problem.

If the building is a fine one, but no longer in demand for its original purpose, what do you do with it if you are not allowed to convert it to another use?

Since last summer this problem has been laid at the South Kensington door of Jennifer Freeman, a former secretary of The Victorian

Society, and the first director of the Historic Chapels Trust for England. She has the task of finding teams of local "friends" willing to take the finest redundant chapels under their wing on a care and maintenance basis and to arrange for groups of visitors to tour them when they wish.

Occasionally, this meant formalising an already existing arrangement. But in the case of buildings such as the Friends Meeting House, at Fairfield near Bradford, West

Yorkshire, it is very different. The chapel, a grade II* stone building built in 1688, has not been used regularly for religious meetings since the beginning of the last century. In 1957 three members of the congregation bought the building to prevent it from being converted to a house.

They are now elderly and have agreed to hand the building over to the trust, which will arrange for a new set of carers to take the building under their wing.

A similar case is the splendid Unitarian chapel at Tordennen near Halifax, West Yorkshire. This is a grade I listed building dating from the 1660s capable of seating 450. For many years services were held in the nearby church lodge, which was large enough for the average weekly congregation of between 30 and 35.

Two years ago, however, the congregation was disbanded and the trust, soon to be owners of the building, has the task of finding a

group of local volunteers that will care for it.

The other two buildings likely to be acquired this year are Walpole Chapel, Suffolk, a 19th century Congregational building closed more than 20 years ago, and the Baptist Chapel at Cote, near Witney in Oxfordshire. Both are listed grade II*. The Cote chapel dates from 1604 but has not been used for regular services since 1880. The local congregation worships at a newer building in a nearby village

and has great difficulty maintaining the old chapel.

As well as nonconformist chapels the trust is hoping to take on a handful of Roman Catholic chapels of architectural merit that are no longer used for regular worship. Freeman would also like to add a synagogue to the portfolio.

The trust receives an annual grant from the Department of National Heritage.

It has also launched an appeal to assist with its work which has attracted sponsorship from several large companies. Individual membership of the trust costs £10, joint membership £15, and life membership £250.

■ The Historic Chapels Trust, 4 Cromwell Place, London SW7 2JJ. Tel: 071-589 0222.

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SPORT

The Boat Race/Phillip Halliday

Precision is the Cambridge hallmark

Oxford are underdogs but do not write them off - they have achieved the improbable before

A boat race poster in the rowers' gym on the Ilfley Road in Oxford asks: Can Oxford ever win? Until last year's race the poster's inquiry centred on Cambridge but after Oxford's defeat, a perceptive Dark Blue rower with a sense of humour changed it.

It was a gesture that marked the end of Oxford's dominance in the varsity boat race. Before last year's Light Blue victory, Cambridge had won only one race in the last 17. Oxford had a stranglehold on the Befeater trophy that threatened impartial interest in the race.

Furthermore, Cambridge seemed impotent in the face of such superiority. However, this year Cambridge are the stronger crew and will start the race today at 12.30pm as hot favourites. What changed?

The tide began to turn before last year's race and the change was obscured as Oxford pulled out a couple of remarkable victories against the odds. The Dark Blue wins in 1991 and 1992 masked some frailties. The Oxford crews were big and strong but their technique looked heavy handed. Recent Oxford crews have struggled in the last month before the race and have relied on Mike Spracklen, a renowned international coach, to wave the magic wand in the final two weeks. However, Spracklen and his wand are missing this year.

Nothing epitomises the change better than the two camps more than their approach to coaching. Cambridge have had only two head coaches in the last five years while Oxford have changed head coaches every year for four years. The Cambridge crews have benefited from the consistency.

They row with a precise and fluid style. It is a style often found in top lightweight crews that cannot substitute size for skill. Eight blades come down to the water as one at the catch and emerge smoothly from the water at the finish. The Cambridge style was pronounced in



Cambridge training on the Thames: eight blades come down to the water as one

Michael Stephens, Press Association

a recent race with a potential Great Britain eight, rowing as Leander. The Light Blues left the internationalists wallowing four lengths adrift. After that encounter, Brian Armstrong, director of international rowing in this country, described Cambridge as the best varsity crew

he had seen, worthy of a world championship final.

Oxford's coaching difficulties exploded in their faces last weekend. Richard Tinkler, head coach, and his assistant, Tim Bramfitt, were asked to step aside in the final week to allow Fred Smallbone, for-

mer Olympic oarsman, to take over.

Tinkler and Bramfitt took this badly and after a public argument between them and the crew on the towpath they retreated in a huff. Oxford, it was argued, needed a fresh face and voice. Something new to lift their confidence in the

last few days. The two coaches saw it differently and felt this was scant reward for six months very hard work.

The hub of the dispute is a clash of personality between Tinkler and Jo Michaels, a former Oxford boat club president who is preparing for

his fourth boat race. Tinkler saw Michaels as disruptive and said he was becoming an anchor on the boat. Steve Royce, director of Oxford rowing, called for a vote of confidence in the coaches, which went 8-1 in the coaches' favour. The lugubrious Michaels, moving to protect

his seat, was the only dissenter. Strangely, the Oxford camp then decided to go for Smallbone.

Some of the Oxford rowers are as confused as Tinkler and Bramfitt - who have been told they are very much part of the set up and have done nothing wrong. On Monday, the pair sardonically sipped coffee from the boathouse as they watched the Dark Blues take to the water.

Ten yards away, Cambridge exuded inner harmony. Their coach for the run-in to the race is the New Zealander, Harry Mahon. The tanned and bearded Mahon looks as if he has just come from an Antarctic expedition. He stresses movement and rhythm to his charges and reward him with a silky smooth style with subtle changes in gear and speed.

Mahon is coy about Cambridge's alleged superiority: "It might be more interesting than the pundits are saying. Oxford have moved up a notch." He constantly returns to movement as if he were a choreographer and uses analogies from the dance world. "Moving like hell, instead of pulling like hell, using movement to put more power on the blade."

Cambridge have trained harder this year with outings frequently lasting up to 110 minutes and hour-long ergometer (rowing machine) sessions.

Martin Haycock, last year's winning cox, is back in the driving seat after an earlier de-selection. He will not be drawn on today's outcome: "In theory, this boat is faster than last year with a very fast base speed. We have four of last year's crew plus the cox, that really helps."

However, Oxford have responded well to the recent troubles. Steve Royce's calming presence has influenced the crew who have improved markedly. Oxford are relishing the role of the underdog and plan to capitalise on any Cambridge complacency. Oxford have done the improbable before and should not be written off.

Max Mosley may have saved grand prix from itself. When the cars line up for the start of the Brazilian grand prix at Interlagos tomorrow, they will no longer have on board highly complex electronic systems which have been painstakingly, and expensively, developed by the leading teams.

Out go traction control, anti-lock brakes and "active" suspension systems under the "technology ban" which Mosley has orchestrated in his role as president of the Fédération Internationale de l'Automobile, the Paris-headquartered motoring organisation which is also the world's governing body of motor sport.

Inevitably, there have been grumbles from front-running teams such as Williams and McLaren, which have invested so much time, money and effort in them. But in the small Knightsbridge office which serves as the FIA's London base, Mosley - former racing driver and March racing team founder - this week painted a startling picture of just how far the technology had already gone in taking control of the car away from the driver, and why the authorities felt they had no choice but to intervene.

The logical consequence of the route the technology was taking, he maintains, was the virtual disappearance of the driver's role - and with it, sport administrators feared, spectator interest in what would have become a life-size Nintendo game.

Motor Racing/John Griffiths

Is this grand prix's saviour?

The flag rises on the first season with a 'technology ban'

"This trend is already happening with road cars, which are becoming more and more self-driving, and this is a good thing because it will reduce stress and road accidents."

"But there was a device in use (a grand prix) last season in which, when the red lights turned to green, the driver would press a button: the computer would maintain the engine at optimum revs; it was the computer which depressed the clutch, engaged first gear, let the clutch out, stopped the wheels spinning, changed up to second gear when necessary, then into third and so on. All the time, although spectators weren't aware of it, the driver would just steer, thereby eliminating one of the great skills of racing."

Without the ban, this year would have seen the introduction of a sensor to watch the start lights. "When they went to green it would have started the whole process automatically, without the driver even pressing a button."

And that, says Mosley, was just

current stuff. Coming along was technology which would steer all four wheels so that if you went into a corner too fast and slid, the computer would sort it out. Provided the driver didn't make a fundamental misjudgment beyond the laws of physics, it would turn any driver into a Senna.

"Endless similar things were coming. And we thought that if we allowed these things to continue, we would fairly quickly eliminate the driver. One skill after another would go until, in the end, almost anybody would be able to drive the car. It's all technically fascinating and very relevant to road cars - but we felt it would destroy an essential element of grand prix racing," said Mosley.

However, the widely-held perception that grand prix is turning its back on technology *per se* is wrong, he maintains. "The car can still be as high-technology as you like, and that is the way Formula One should be. The only caveat is that it must not replace the driver."

After lengthy discussion of the detailed regulations with teams and the Formula One Constructors Association - led by FIA vice-president Bernie Ecclestone - Mosley insists: "No team is going to Brazil in any doubt about what we (the FIA) think on any issue." Mosley and Ecclestone say there will be harsh penalties for any team that seeks to use the technology surreptitiously.

One hoped-for result from the ban is that "in a given car the best driver will be able to demonstrate his superiority".

Thus when the lights go green tomorrow drivers will be competing more evenly than for years. With recent world champions out of the running with Alain Prost confirming his retirement and Nigel Mansell racing for a second year in IndyCars, the questions are: Will Damon Hill really not be intimidated by his new teammate at Williams, the ruthless, three-time world champion Ayrton Senna? Will Mika Hakkinen, the



Max Mosley, president of motor sport's governing body, in his London office

young flying Finn, be able to mount an effective challenge in the McLaren-Peugeot? Is this the year that Jean Alesi finally brings Ferrari back from obscurity? Or will the hard-charging German Michael Schumacher give Benetton its big break?

But it will be what happens further down the field which will be almost as important for Mosley. The technology ban, he hopes, will give a break to the smaller teams for whom developing such technology "would have been ruinous in the current economic climate."

Grand prix teams cost what Mosley himself acknowledges as "horrible" amounts to run. "To be in with a chance of finishing in the points a team needs not less than £10m, and to run at the front they would need £30m - that's plus a deal with a major engine manufacturer."

Even with the technology ban it will cost any team £6m-£7m just to get on to the back of the grid and keep running. "But if we'd kept on going the way we were they would have needed more than £10m."

Another positive effect of the partial technology ban is that it is already encouraging new entries. Two new private teams, Simtek and Pacific, have already signed up and Mosley maintains that Peugeot has come into grand prix only because of its new-found stability.

At least two more large European manufacturers - names circulating around the grand prix world are BMW and Audi - are expected to join as early as next year, and Honda is also expected to return with its own engine and car.

Mosley accepts that for the leading grand prix teams, the technology ban has been very annoying.

"But we must bear in mind that grand prix research is on a very broad front and that what we've banned is a very narrow bit. All the rest is usable. You've only got to look at how much faster the cars are already, even without the banned technology, because there's been such an enormous amount of research on aerodynamics, materials, chassis dynamics and engines."

Next month the English cricket season starts. Hoping to get some of the hard facts of life out of the way before that happy time, I set out to try and understand how county cricket clubs earn their money.

By now, most first-class cricket clubs have published their accounts for last year, before starting the season with new determination. Sometimes the problems are old ones, such as Derbyshire's propensity for financial torment. This led them to a record loss of £120,000 last year and their chairman's departure.

But, more often, records were on the profit side, even in the most unexpected places. Gloucestershire, for instance, had a year rotten with

defeat, finishing 17th out of 18 in the county championship - but ripe with profit, to the extent of £49,050, as the secretary, Philip August, told me joyfully.

Gloucestershire, he said, had three main sources of income. Biggest by far is a grant from the Test and County Cricket Board. I knew the TCCB subsidised the counties, but I thought I had better bear some individual survival tactics before hearing about the ones at

central office. Besides, the Gloucestershire officers were keen to describe their affairs a bit more colourfully.

"We can afford to be a bit more cavalier now," said August, assuring me that cavalier meant enterprising. Gloucestershire is still a sensible county. One example of enterprise is that its coaches want to give the players a first-aid course ready for this summer and, instead of dismissing the idea out of hand, officials can now afford to consider it. Perhaps Courtney Walsh will learn to resuscitate his victims on the follow-through.

On the sensible side, Gloucestershire rents out the new pavilion at the Phoenix County Ground in Bristol, whenever it is not in cricket use, as a venue for dinners, weddings, conferences and other functions. Financially, this is a contributor to Gloucestershire's second biggest source of income: commercial operations.

Third, and smallest, is cricket itself. Only 12 per cent of the club's income comes from membership fees and gate receipts. "It's sad that's all we get from people actually watching cricket, but that's how it is," said August.

Some 60 per cent of all Gloucestershire's cricket earnings comes from the 10-day festival at Cheltenham - consisting of two county and two Sunday games, attracting local business support and sponsorship.

Cricket/Teresa McLean

Survival when winter stops play

Quiet, outlying games make a nice profit. That is why most counties centre their cricket on fewer grounds with every passing year; it is cheaper and easier that way.

But the complications of cricket finances show how strongly the counties have retained their distinctive characters.

Warwickshire's Andrew Wilkes told me that using Edgbaston for county games did not just make a little money - it lost money.

"By the time we've paid all the

helpful planning and it delights the club's first woman committee member, an energetic Derbyshire nationalist called Liz Hill. One example is the improvement of facilities for children and families at matches.

A group of players and officials will tour the whole county, fundraising and demonstrating the joys of cricket. Back at base, the Derby ground does not earn money in the winter so much as look after its core of intrepid supporters, with regular meetings and meals.

Financial troubles must not be

Glamorgan's rise from 14th to third place in the county table last year with a generous grant. Glamorgan does not own its main grounds but rents them for a fixed number of playing days each year. The staff spend the winter recruiting support all over Wales; they have no time for commercial operations. "We get our money from cricket, not hospitality boxes."

Just to complete the assortment of different approaches to cricket finances - Warwickshire told me proudly that its record profit of £289,024 last year owed much to the Edgbaston hospitality boxes. They are sought after as prime places to watch cricket, do business deals and lap up luxury.

The people who run Warwickshire are realists. They know they depend on their commercial operations, which they see as intrinsic to modern cricket. A fair share of the large sum they received from the TCCB last year had been paid to the TCCB by Warwickshire in the first place. Test grounds put the profits from test matches and one-day internationals into the TCCB's "pool", the central source of supply for all the first-class cricket clubs, including minor counties, according to their size and needs.

It is a kind of Robin Hood system, designed to keep the county system going. Such credit was given by all the counties, rich and poor alike, to this time-honoured system, with its

newly-increased resources, that I felt almost uneasy.

I talked to the TCCB's chief accountant, Cliff Barker, who was amiable, happy to agree that the TCCB had made more money in the last few years, but less happy to give details of how it had achieved this. "Mainly from English home matches," he said, adding that last year test match crowds worldwide were falling, but in England they rose 22 per cent, in spite of defeat by Australia.

He attributed much of this to Sunday play in test matches.

"Another bonus we have now is in the higher broadcasting fees resulting from the BBC having to compete with rivals Sky TV." I asked him if he liked Sky's cricket coverage. "I like the ending of a monopoly," replied Barker.

The TCCB is the sole organiser of all the sponsorship deals for test and one-day internationals, redistributing its earnings around the counties. Barker assured me that the counties were free to spend their "pool" money as they liked; only the buying of players was controlled, by a board of all the teams.

County cricket is big business and it is run as a big business in order to survive. But only honour is more important than money if the traditional nature of the game is to thrive.

Chess No 1,014

1... Rxe6 2 dxe6 Rxe6 3 Bg4! wins. The game ended d5 4 Rxe6! Qxe6 5 Rxf5 Kf8 6 Qxd5 Qe7 7 Bd4 Re8. Slightly better is 3... Kf7 but 4 Rxe6! Qxe6 5 Qxe6! Kxe6 6 Rxf5 Ed7 7 Rb5 will win.

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People often send me things. Items of leisure clothing. Baskets of tropical fruit. Commemorative puddings. Aluminium place mats. Atlases and guidebooks. Blue and red balloons. Golf balls and sweaters. Tickets to the opera. Glassware and standing clocks.

I do not keep any of this product. It is passed on to colleagues' children, such as Rhys James, a magpie-child from Essex. Or it is donated to the annual raffle for charity organised, bossily, by elements on the foreign desk.

On a good day, when things are going well, I pass this product on to my next destination. But on a bad day - colleagues proving bothersome, testing my mettle -

my eye sometimes settles ungenerously on the latest gift or object to have arrived upon my desk.

It happened this week. An irksomely firing day. My patience fully exhausted, I had almost reached the point of screen-faxing a significantly rude message to someone (the Malaysian ambassador, most probably) when my eye alighted on a press release sent to me, impertinently, by a person called Chris Horwood from an outfit dubbed M S Marketing & Management (MSM&M) on behalf of a new product named O-PUR.

At the sight of this press release I

flew into a temper. At the end of a bad day, unsolicited press releases written by people for whom English appears to be a second or optional language have that effect on me. The phrase that sent me reeling may sound innocuous, but it assailed my tired brain with the force of an ice-pick. This was the phrase: "The finest oxygen."

Now then. You do not have to be a rocket scientist to know that oxygen is an element. Nor do you have to be a rocket scientist or a pioneer of cold fusion to guess that by sending out a press release which implies that your type of oxygen is

finer than somebody else's oxygen is - oxymoronic calculated, without doubt, to send some snotty journalist, at the end of a bad day, into the sort of tantrum in which he rolls on the floor, ululating horribly and attempting to stab, with a pair of Sheffield-sharpened scissors, anyone who approaches him. This is not good for your product. It is not good marketing. The textbooks are clear on this point.

As it happens, O-PUR is about the stupidest new product I have ever encountered. It is an aerosol manufactured by Newpharm in Switzerland and filled with "eight

litres of 99 per cent pure oxygen" which is stored as a vaporised gas and contains "no expellant, additives, preserving agents or aromas, just pure unadulterated oxygen". O-PUR is designed to embellish our lifestyles, to revitalise us in office or in gym. The canister comes with a cheap plastic attachment that is supposed to act like a face-mask.

According to MSM&M's dreadful press release: "The O-PUR marketing strategy will only target potential purchasers in the personal fitness/health, sports aids, and air quality/pollution concerns market

places." Price: a colossal \$7.99 per can. "To conform to the British Medicine Controls Agencies guidelines it must be pointed out, and there is a note on all promotional materials, that O-PUR is not, and should not be used as, a medicinal or life saving device; nor is it a substitute for prescribed oxygen."

In a letter from the Chris Horwood person, MSM&M claims that the "O-PUR handwagon is about to roll". Many people may scoff, it says, but they are "probably the same individuals that laughed at the idea of bottled water sales. I think you will agree that most peo-

ple have far more realistic worries about their own atmospheric environment, than by what comes out of their taps."

I will be amazed if O-PUR succeeds at that - or any - price. But perhaps it is a sign of the way things are headed. As the population of the world spins past 7bn, 10bn, 15bn, 25bn - perhaps even higher - I have little doubt that marketing people, almost all of whom are directly descended from Attila the Hun and other pillagers, will rack their brains to sell us more and more things that used to be freely ours.

Not just oxygen and water, but little patches of grass. Flowers from the hedgerow. Birdsong. Sunlight. Moonlight. Starlight. Pebbles. Rain. Snow. Sleet. Wind. Hot. Cold. Light. Dark.

Even our own reflections, I shouldn't be surprised.

Hawks & Handsaws/Michael Thompson-Noel

A can of air and some pebbles, please

Private View/Christian Tyler

Gypsy president in a pin-striped suit

Peter Mercer has an office, mobile telephone, computer and fax. And most of his travelling is by air. Such is the life of a modern-day campaigner for the rights of the nomadic community

The president of the Gypsy Council was wearing a pin-striped suit. He keeps a mobile phone in the mustard-coloured trailer with the mock-Tudor windows. Behind the trailer is a shack - "my office", he calls it - where there are neat rows of files, a fax machine and a desk-top computer.

Peter Mercer's gadgets are a sign that gypsies are asserting themselves after centuries of persecution. This time, finding themselves again under attack, they are fighting back with demands for recognition as a race with its own history and culture, and the right to travel and congregate however inconvenient for the increasingly suburban societies in which they live.

In the past, gypsies have been more victimised than tolerated. Today, they are winning sympathy and supporters. For, according to Dr Thomas Acton, Reader in Romani Studies at the new University of Greenwich in London, they are facing the biggest crisis for a generation caused by a "moral panic" among governments in Europe.

Acton estimates that 100,000 of them have fled from eastern to western Europe following the collapse of communist rule and the breakdown of social order. Many others have exploited the new permeability of European borders to migrate in search of work. (The German government paid Romania \$21m 18 months ago to take back 40,000 deportees who had been driven from their villages.)

British gypsies have a specific grievance: the criminal justice bill now going through parliament. The relevant clauses of this bill look very much like an attempt to stamp out nomadism altogether. They remove the obligation on local authorities to provide sites for travellers' caravans, while giving new powers to police, landowners and the authorities to move people on. Refusal could lead to vehicles being impounded and children taken into care.

This measure, say government spokesmen, is not aimed at gypsies in particular. It is to remove the "temporary" open-ended commitment to house people who choose to live a nomadic life and to stop them parking illegally.

Nomad numbers in Britain have increased unexpectedly in the last decade: some are Irish, driven out by tougher legislation, but mostly they are the so-called new age travellers,

drop-outs by accident or by design. Choose nomadism if you like, says the government, but if you do, you must find a legal place to camp.

The Commission for Racial Equality says the proposed legislation discriminates against gypsies and has supported attempts to amend it. Peter Mercer has another word for it: genocidal.

"It's a strong word," he agreed. "But genocide is not just putting people in gas chambers like the Holocaust." (Between 500,000 and 750,000 gypsies were killed in the German death camps during the second world war and another million may have been shot outside.) "Genocide is when you stop people meeting, stop festivals, stop the freedom of movement, destroy one's culture, everything gypsy people do. I'm not talking about raves, which they're on about. I've never yet found out what a rave is. To me it's kids doing head-banging or summat. But if we can't go to places like Appleby (horse fair) or Stow on the Wold..."

Mercer has a small caravan beside his trailer on a site outside Peterborough, where he is the district council's gypsy liaison officer. But most of his travelling these days is done by air. As the British member of the presidium of the International Romani Union, he has visited Warsaw, Prague, Bucharest, Göttingen, Geneva, Bordeaux.

Why, then, does he live in a trailer?

"Up until I started this work I was nomadic. Then I had to have a base to work from. On the road you don't have electricity points. You don't have a microwave and your washing machine. You're cooking outside in the main - an open fire, which is a lot better than this rubbish (he indicated the smart panelled kitchenette).

"In the finish you find out you're laden down with all modern contraptions which you start becoming dependent on. Having said that, at the end of the day we like to be in a position where we can go away if we wish."

You may never move from here?

"I may never. But it is there. It is my right to the freedom of movement and the right to choose where I live. And that is so important to gypsy people. If I wanted to be gone, I could. I could get rid of all this in 10 minutes flat."

To assert their ethnic claim - now recognised by the Council of Europe, the European Union and, increasingly, the



English courts - has meant accepting the word "gypsy". As with "didcroy", "pikey" or "mumper" it has a derogatory flavour but Mercer recognises that his preferred designation of "traveller" is no longer adequate.

He can demonstrate his racial origins, he said, despite the infrequency of gypsy marriages, through family ties,

I asked him if new age travellers should have the same rights as gypsies.

"People have a right to live their way of life as they wish, so long as they don't rob and steal or move into their house or their garden. I don't say I like the way they live and I don't say that it is fair what they are doing. But it is their right to choose."

"This government ought to accept them. I think this is one reason why they're trying to do away with nomadism in this country - the fear that we're going to get an influx from abroad. The police now are stopping caravans and road-testing them to try and stop the migrants. It looks like some Home Office directive to make things damned awkward."

'Genocide is when you stop people meeting, stop festivals, stop the freedom of movement, destroy one's culture.'

baptismal certificates and the genealogical records of the Mormons. Gypsies migrated from the Rajput area of northern India about 1,000 years ago after being defeated by Muslim armies. They were warriors, armourers, swordsmiths, or musicians and traders, with their own noble families. Their language, now written down, has many dialects but is based on Sanskrit.

"It's not the nicest thing in the world to be a gypsy," Mercer said. "Even today. Our flag is blue for sky, green for fields with a red wheel to show suffering."

Are they muddying the waters for gypsies?

"Oh, most certainly. One can't get away from that. A lot of local authorities and even the government is using them as a stepping board to give us a kick."

I asked him if there was much gypsy migration into Britain from Europe. Mercer said there was a big concentration of Bosnian gypsies in London, a large number of Poles and some French. He insisted they were no threat to the native gypsies because they brought their own particular skills with them.

ward."

Before he became an international civil servant, Mercer did fruit-picking and scrap metal. He comes from the area around Hull and during the war, at the age of eight, was taken into care. He was brought up by Roman Catholic nuns. "Some of them were lovely, really beautiful people," he said. "Other ones were, believe me..." He left the sentence unfinished.

They told him he could go home when his mother got a proper house. She eventually did, but he was sent instead to London to work as a footman,

serving at table for the residents of a block of flats. "I was there a month at most, because I was frightened of the church and the power they might have over me."

So he joined the army, following his father who was wounded at Dunkirk and an uncle who was killed on the Burma railway.

"A lot of people think gypsy people avoid military service. Not true." He served with the Duke of Wellington's regiment in Cyprus during the Eoka uprising, where, he said, because of a dispute between superior officers he had the distinction of being made a lance-corporal twice in one day.

"You appreciate, in the army I was a bit of a wild dog. I joined to try and make a life and follow a family tradition in a way. 'cos my father was saying the army is good for you, make a man of you. I found it fairly tame."

After national service and three years of re-enlistment, Mercer quit the army and "knocked around doing scrap and making a nuisance of myself in general like you do". He married, but his wife refused to live in a trailer. He

bought her a house but the marriage broke up and he met his present wife while picking fruit. "She calmed me down a little bit and I got involved in civil rights."

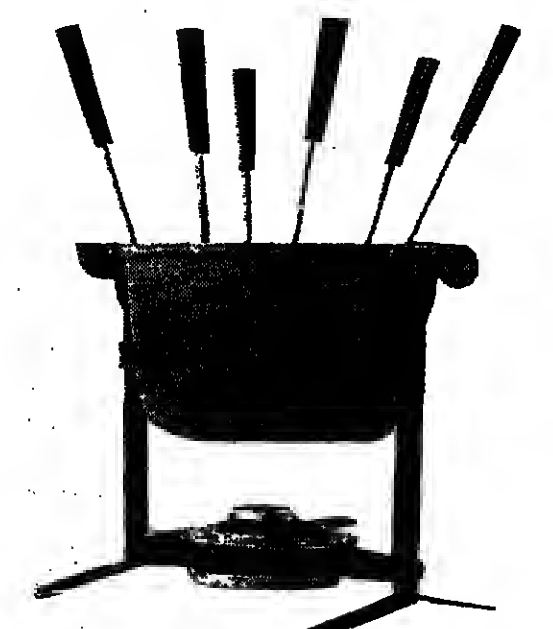
So now you're a politician and bureaucrat?

"Well, not a bureaucrat." He said the word with distaste. "Nowhere near. Bureaucracy's the last thing in the world I like. I won't fill in time sheets."

I won't fill in movement sheets. I don't even claim for expenses.

"The nuns taught nothing beyond decimals. Within our community I'm a scholar because I can read, write and I can do one or two things. But my education has come from life, and having to do things for myself. It's an expertise you build up over the years, isn't it?"

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Thank goodness for metal detectors

Michael Harrison defends freelance treasure hunters on motor cycles against the archaeology profession

There is another side to the views expressed in Antony Thornicroft's article last Saturday ("Greedy for Antiquities", March 19). I agree that illegal digging must be condemned and would never support the activity of unscrupulous dealers.

However, the use of metal detectors has greatly increased the number of chance finds on sites of no archaeological significance, such as trackways or byways were few. Normal archaeological methods would have been unlikely ever to have unearthed them. Many of these finds were lost accidentally or discarded as damaged, and archaeologists are able to deduce that many groups of artefacts previously believed very rare were in fact fairly common.

Before the era of metal detec-

tors most of us believed that we lived on sites which may have been continuously occupied for perhaps many centuries, or that we might live over as yet undiscovered sites. Today the surface of this country is fast becoming ploughed up and destroyed by contractors' earth moving equipment and more and more of us live on a spoil heap of junk or in a hole from which the imprint of our ancestors let alone the lie of the land has been obliterated.

Thank goodness that metal detectorists on motor cycles follow the dumper trucks about the country and recover from their scrambled contents what they can. We cannot turn back the clock as regards contractors or metal detectors however much we would wish.

As Thornicroft says, the old treasure trove law was inter-

ested in precious metal, usually for its melt value.

Today academic rather than monetary value, is surely more important. Yet in the discussion of how finds should be treated and arguments about who has the "right" to ownership, this all-important aspect is overlooked.

Surely that right rests with the landowner and to some extent with the finder, even if the archaeologist might claim a legitimate right of study. I suspect that the heart of the archaeologist's complaints are often that he is jealous of those who can sell and buy things for high prices; but this is no part of his academic duty.

I find many archaeologists ignore this divide between ownership and the need for study.

In a greedy attempt to corner everything that lies beneath

the soil for selfish professional reasons, they assume that only they are sufficiently qualified and educated to hold these things in their hands and to have access to them. This is a half-baked Marxist notion and directly contrary to the important freedoms established in this country's common law.

Some of these second rate academics attend conferences in which they express an arrogant determination to drive dealing out, to make it a crime, and presumably, it follows, to blight private collections by depriving them of free marketability.

So far their efforts within the EC have meant only that leading dealers are all busily establishing businesses in Switzerland and so that they may sell direct to the big markets in the US, Japan and Australia. Yet another blow has been struck

at the heart of London as the arts centre of the world.

It seems to me, leaving aside the inequality that would result in giving too much influence to a minority group, that such restrictions on the rest of us (who may in the case of several people I know be better informed than certain archaeologists) are an unnecessary high price to pay merely to allow a few archaeologists to increase their knowledge to the optimum.

I do not argue against adding to our knowledge, just that it is a barmy notion that objects jettisoned by their original owner as beyond repair, or buried by chance, and after surviving many centuries of treasure seekers, unobserved ploughing and ignorant superstition should now in the late 20th century all have to be confiscated and reburied in reserve

collections to satisfy the head-counting mentality and overweening self importance of a small group of fanatics.

Perhaps art gallery curators would then follow up by confiscating all paintings in private possession. It should then not be long before the civil servants can be persuaded to extend this droit d'élite even unto the least of Victorian kitchen chairs.

In short, the underground market will only be brought out into the open by separating absolute title to an object from the obligation to make it available for academic research.

All parties will then benefit.

Michael Harrison is a collector and former chairman of the Antiquities Dealers Association. These views are his own and do not represent the association's.

هكذا من الامل

Fashion for all seasons

SECTION III

A SPECIAL SUPPLEMENT

Armani is crowned king of the designers

Have the catwalk shows gone crazy? Or are they leading the way with their headline-grabbing collections. Weekend FT asked the professionals how they rated the fashion world's leading lights. Avril Groom assesses the results of our special survey

Has the fashion industry lost touch with the real world? Bare nipples, extraordinary designs and improbable frocks at the recent fashion shows for the autumn collections suggest that it has.

Are the catwalk extravaganzas merely a chance to grab the headlines or is something more interesting at work? The FT attempted to throw light on these questions by asking a wide group of fashion professionals which of the top designers are most creative, the most relevant to the real world of commerce and which had the most staying power.

Our survey showed that those well rated for creative talent tended also to score well for having commercial value, but there were revealing differences, as there were between the scores given by fashion editors compared with those by younger observers.

And despite charges that designers are guilty of excess, ugliness, and decadent bids for publicity, our respondents gave the best designers consistently high scores. This may reflect the fact that the Paris shows were remarkably lively and well attended.

We surveyed the people closest to the catwalk circus, from top international fashion editors to photographers. They were asked to rank each designer on a scale of 0-5 in each of the three categories. The results are shown in the table at the bottom of the page. We then averaged the scores in the individual categories to create a fourth, overall, category.

The results were contrasted with the views of a group at the younger end of fashion - students at the Central St Martins College of Art and Design.

The results show that the 1990s have brought a change in attitudes to fashion but not necessarily a diminution of interest in it. The dictatorship of the hemline was toppled long ago but in the late 1980s it was consumer-led status seeking that determined which designer, or style, was "in" or "out".

In the 1990s, individualism rules and the top-rated designers are those whose originality is far more significant than season-to-season changes. Cutting may be complex but the clothes are understated, allowing as much freedom of expression as possible.

The recession has done much for the individualisation of fashion. Vivienne Westwood for one is convinced that, with less to spend, women want clothes that are "very beautiful and individual enough to enhance the personality without a date or a label".

This is not to say that fashion no longer exists: it does and it can change quickly. Among fashion journalists, for example, current taste in the forward rows at catwalk shows is for droopy, romantic layers and tailoring, mainly in black. In the poll, the writers gave designers such as Ann Demeulemeester, Martin Margiela and John Galiano high placings, reflecting this. Yet the more influential among them are already wearing the new soft, short skirt. By next season there could be rows of exposed knees.

Two names share the top positions in the FT survey's four categories: Giorgio Armani is voted top overall, for commercial success, and for long-term influence on the way in which "ordinary women" dress; Vivienne Westwood comes top for creativity.

Unlike as it seems, these designers are two sides of the same individualist coin. Armani's designs are never extreme and his success (140 shops, a dozen ranges at different price-levels, £450m global turnover, a jet-set lifestyle and a Milanese palazzo) is based on wearability and desirability. But his understated tailoring and cool colours are designed to let the persona take over.

"Fashion is not about satisfying the aesthetic whims of a designer," he says, "but about interpreting the desires of the person who is going to wear it. Only this gives fashion a social role and credibility."

And he has never forgotten how to flatter.

At the cutting edge, Westwood's purpose is to be extremely individual, to jolt fashion into new directions. The rest follow where she leads, though, like a giant liner, the industry takes a long time to turn. And she has suffered the fate of many British inventors, as others popularise and profit from her ideas. She still cycles around London but her £2m-plus turnover is increasing by 40 per cent a year.

Westwood is quite clear on her position as a creator. This is to fly in the face of the "so-called experts who think they know what the public want."

"In fashion this has created uniformity and disillusionment, so now there is a craving for originality."

She claims never to have underestimated the public. "With no backer and just a small shop I had great freedom and I found that however unusual a design was, someone would buy it as long as it was beautiful. To be creative you first need technique, to cut in the best, simplest way that makes the cloth give expression to the body."

Other highly-regarded designers would share this concern for cut before commerce. Second overall is Jean-Paul Gaultier, the former enfant terrible best-known for Madonna's corseted corsets but also a producer of lyrically ethnic collections. A master of individualism who pioneered showing clothes on non-professional models, his high commercial placing reflects his astute marketing of this approach in the current climate.

Next come the Japanese trio of Issey Miyake, Yohji Yamamoto and Comme des Garçons who were already rugged individualists in the era of power dressing, when they were labelled "avant-garde" and seen as somewhat impenetrable. Now Yamamoto, the most uncompromising of the three for the female figure but also the most understated, points the way ahead for the new generation, voted top by students and all under-30s.

Pushing up from below are the rising stars, all minimalist and/or individualist - Belgian deconstructionists Martin Margiela and Ann Demeulemeester, Italian fabric innovator Romeo Gigli, the German Jil Sander whose immaculate suits give her a high commercial rating, and British near-couturier John Galiano.

All this squeezes establishment designers into mediocre positions, despite high commercial ratings. The biggest indictment of older designers' inability to adjust is Karl Lagerfeld's 11th position for creativity, though fashion editors acknowledge the debt to his ideas by placing him second overall.

Other ways of analysing the data show the divisions even more clearly. The young eschew designers of conventionally glamorous clothes, preferring the makers of plain, deconstructed shapes which rely on the wearer for their allure.

This may give a clue to the reasons behind the fashion show debate. Most of those commenting are mature. A majority is male.

For them, fashion really is the shock of the new. It appears strange because the premises on which it based, such as the cerebral approach of the Japanese, or the Belgians' interest in recycling and vintage clothes, are very different from the priorities of the established designers.

The professionals and fashion students look beyond this. They know that no one will wear Westwood's bare breasts and bustles but that by next autumn her womanly silhouette of puffed shoulders and wider hips will have superseded walfdom as the real world's fashion icon.

Main picture: Vivienne Westwood's metallic knit and crochet, with appliquéd flowers and bustle. Right: Armani's classic waterfall-fronted jacket in wool crepe.

Pictures by Niall McInerney



FT Fashion Survey

Rank	Designer
1	Giorgio Armani
2	Jean-Paul Gaultier
3	Issey Miyake
4	Vivienne Westwood
5	Yohji Yamamoto
6	Comme des Garçons
7	Karl Lagerfeld
8	Calvin Klein
9	Donna Karan
10	Ralph Lauren
11	Romeo Gigli
12	Martin Margiela
13	Ann Demeulemeester
14	Jil Sander
15	John Galiano

Respondents rated each house 0-5 in three categories

Designer	Creativity	Commercial success	Long-term influence
1 Giorgio Armani	2.88	4.52	4.11
2 Jean-Paul Gaultier	4.11	3.39	3.57
3 Issey Miyake	4.26	3.05	3.70
4 Vivienne Westwood	4.38	3.05	3.55
5 Yohji Yamamoto	4.05	3.02	3.70
6 Comme des Garçons	4.00	2.95	3.53
7 Karl Lagerfeld	3.13	3.78	3.37
8 Calvin Klein	2.24	4.19	3.43
9 Donna Karan	2.32	4.00	3.48
10 Ralph Lauren	2.27	4.14	3.41
11 Romeo Gigli	3.45	3.06	3.15
12 Martin Margiela	3.98	2.43	3.02
13 Ann Demeulemeester	3.45	2.75	3.02
14 Jil Sander	2.94	3.44	2.84
15 John Galiano	3.98	2.15	3.08

IN THE SHOPS

From the catwalk to the sidewalk

The designers' outrageous images have been interpreted by the high street stores. Avril Groom gives a guide on what is fit to be worn

Have you steered yourself for diaphanous mini-petticoats, St Trinian-style gymslips, white shrouds or hipster trousers drooping to almost indecent levels? Such images dominated the media after the spring catwalk shows last October and they were quite enough to make even the clothes-conscious renounce fashion for the foreseeable future. But fear not. The clothes which have arrived in the shops are surprisingly wearable.

Two factors govern the shake-out between catwalk and clothes-rail. One is that, on the principle of using a sledgehammer to crack a nut, designers put outrageous versions of their ideas on the catwalk in order to make fashion as a whole evolve by a whisker. Back at their showrooms, where the real business with buyers is done, the clothes look much more normal.

The other is that the percentage of women who wear designer clothes is small and the real importance lies in the way the mass market accepts and interprets such ideas.

With instant communications, fashion is now a global village and everyone, from couturier to chainstore, is thinking on the same lines. The shows give the high street both confirmation of its choices and added inspiration.

The fashion-forward end of the high street is often accused of ripping off the creators. Yet few top designers mind - Karl Lagerfeld, for instance, believes imitation is the sincerest form of flattery.

The young and experimental, unworried by the finer points of wearability, certainly imitate - they dress to shock in style straight off the catwalk, and good luck to them. Hold-up stockings and ankle-socks are already established in the nation's nightclubs.

The more mature and circumspect find it easier to wear the wider fashion industry's interpretations: companies translate ideas to their own identity and rarely admit a direct debt to a designer. But, in modified form, the origins are plain to see. Not everything takes off - the customer still has the final say.

So here are the catwalk inspirations for spring. Watch the rails in your high street to separate the front runners from the potential turkeys, with help from our brief notes on who backs what.



■ **The tiny dress**
Schoolgirl-style from Dolce e Gabbana, Anne Sul and even Valentino. But as Marks and Spencer points out, a summer basic. By itself, a sun-dress; or layer it over a T-shirt; or, as Kookai suggests, over a long version. With popovers and DMs, for teenagers. With lace-topped hold-ups by Aristoc, in the bedroom.



■ **The A-line mini**
In 15-inch hipster form, thanks to Chanel, Versace and Donna Karan. Top Shop has gone as far as a 13-inch burn-freezer but even Marks and Spencer is trying 16 inches. Next has a more grown-up version "with a smart jacket, which is how the over-25s will wear it", as do Monix and Warehouse. Softer pleated styles at French Connection, Warehouse and Agnes B.



■ **Homespun naturals**
Armani's and Calvin Klein's rough textured linens are everywhere. You will be bored with beige before summer starts. The unstructured trouser suit, collarless shirts, and layered potmeal knits are typically "green" and good for the size 12-plus majority.



■ **Pyjamas**
Drawstring pants from Ralph Lauren, Issey Miyake and others are the best option for non-mini wearers. These could be worn with bare midriffs - most shops do crop-tops for the firm of turn - but are easier with a loose shirt and men's vest or a long, unstructured jacket.

■ **White**
From Miyake's airy silks to Montana's crisp, fluttery-pointed shirts, everyone has white. Whistles has an all-white silk collection of easy pieces. Next includes easy tailoring in white and more feminine styles mixed with denim, à la Gaultier. And it is mixed practically with black at Marks and Spencer.



■ **Metallics**
Part of the deconstructionists' credo of using unexpected fabrics during the day, has been made mainstream by Donna Karan and John Rocha.



■ **Neo-punk**
This encompasses safety pins at Versace, bondage at Chanel, vests and leather at Helmut Lang and Yohji Yamamoto, and is mixed with the ethnic look and jewellery at Gaultier, the season's most uplifting collection. This is more talked about than copied but is strong at the youth end. Jigsaw have clean-lined hipster jeans and crinkled georgette tops. Some see it as important for next winter. You have been warned.



■ **Layers**
Originated by Ann Demeulemeester, Martin Margiela and Rifat Ozbek, the secret is mixing textures, styles and lengths. Top Shop call it "attitude" dressing, with unexpectedly individual mixes such as sports tops and floral skirts. Principles and Episode do sophisticated colour-mixes of simple, fluid pieces.



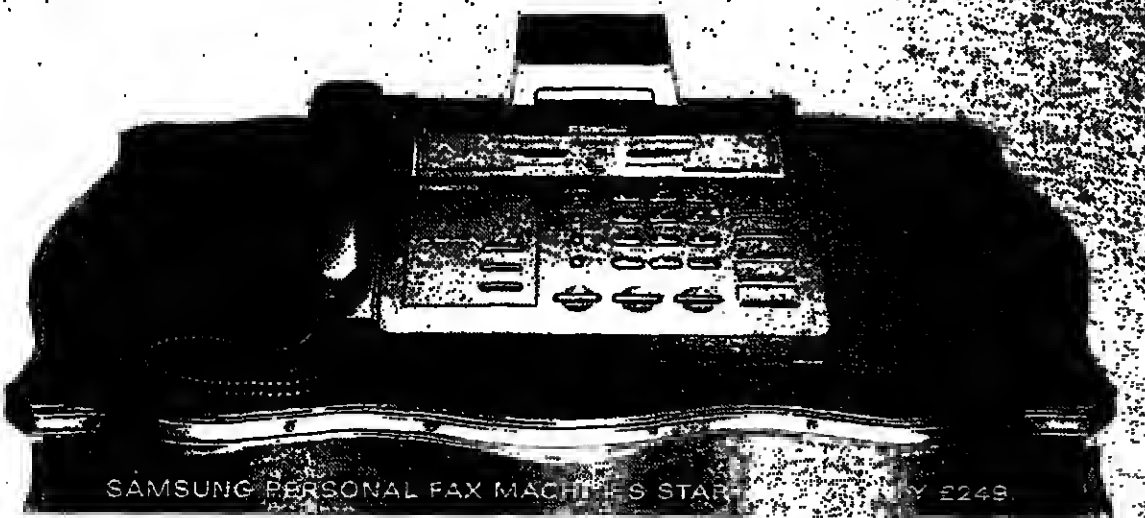
■ **Grecian nights**
From Chloé, Gigli and Comme des Garçons, comes the newest in evening wear, draped, wrapped, high-waisted and bound with ribbon ties, sometimes one-shouldered, and with banded, ringletted hair to match. Monix, Next and Top Shop have halter-necked and draped styles, very short or very long, mainly in white or black.



■ **Ethnics**
Gigli, Lacoste, Betty Jackson and Gaultier mix print, stripe and plain, often with tunics, long jackets or bandeaus over narrow pants or long sarongs. Wearable versions in linen and cheesecloth from French Connection, spicy silks at Principles, Indian prints at Top Shop, spicy linens and stripes at Jigsaw, crinkle and linen at M&S.

Pictures by Niall McInerney

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FOR MEN THIS SUMMER

Designers agree on crumpled look

Richard Rawlinson reports on the discovery of a simple and unstructured style for the 1990s

Not since the ubiquitous power suit and black polo neck of the 1980s have menswear designers agreed so unanimously. This summer, natural creases and beiges are the colour, linen is the cloth, crumpled is the texture and loose and unstructured is the silhouette.

They say it takes about four years into a decade before the styles for which it will be remembered come to the fore. If this is so, designers - having spent the last few seasons in a state of confusion as they struggled to understand and reflect the mood of the era - have finally discovered the 1990s.

And it would seem that fashionable '90s man will go down in history as someone who appears to have bought his clothes at a bazaar while trekking in India and has just slept rough in them.

Showing spring/summer '94 collections on the catwalks of Paris and Milan last year, designers sent out unkempt models in outfits which, not long ago, would have looked like abortive work by a drunken sewing machinist.

Primitivism is the desired effect and any tricky details which reveal garments have been manufactured in state-of-the-art factories are banned in favour of unstructured, simple clothes which could have been hand-made on a Bengali peasant's loom.

Shirts have lost their collars and hang loose to mid-thigh under jackets which themselves look over-size, often with Nehru collars.

Trousers are as fluid and baggy as pyjama pants and are often held up with a drawstring belt or an elasticated waist. Neck scarves replace ties and Jesus sandals are worn without socks.

Only the omnipresent waistcoat holds in the layers and gives some remnant of shape to the torso. Informality has been taken to an unprecedented extreme as high-priced clothes look well-worn and soap-washed at birth.

Items seem to be thrown together unselfconsciously, prompting the term "accidental fashion".

The message is clear, whether it comes from Katharine Hamnett, John Rocha, Nicole Farhi, Issey Miyake, Dries van Noten, Yohji Yamamoto, Dolce & Gabbana, Byblos, Cerruti, or Giorgio Armani: status dressing is out. Contemporary man is sufficiently socially at ease to turn to those who toil in the paddy fields for sartorial inspiration instead of wearing his wealth on his sleeve.

Relaxed clothes with rural and ethnic workwear connotations send out the signal that modern man is ecologically sound and aware of the world as a global village. He is a free spirit, unharnessed from the stiff formality of boxy tailoring.

That is the theory, anyway. Whether many men adopt the look in reality, is another story. It could be as short-lived as grunge was. Unless men work in the more Bohemian side of the media or the applied arts, they usually still need to wear a conventional suit, shirt

and tie for the office.

It is also debatable whether many men are prepared to spend designer label prices for clothes that can only be worn on summer holidays or at weekends.

Deliberately creased linen may eliminate the need for regular ironing but this bonus is countered by cleaning chores as cream and beige will show every stain. And such overtly summery clothes could look foolish in torrential rain.

On the other hand, most of the individual items of clothing are, in fact, thoroughly wearable when taken out of the context of the catwalk, where they have been excessively styled to make a bold statement.

For instance, with a cricket sweater, baggy cream trousers would look more Brideshead Revisted than Kristina convert - a commendable, though less imaginative look. The clothes are also incredibly comfortable due to their fluidity and relaxed appearance. And one size fits virtually everyone.

The mainstream clothing industry seems convinced the linen look will have mass appeal as high street stores from Marks and Spencer to Rains, the menswear chain, have taken their cue from the international catwalks.

Even Hackett, the gentleman's outfitter, has nodded its Sloane. Panama hat to linen with the introduction, for the first time, of unstructured, unfined jackets; albeit more parish priest than Buddhist convert.

In fact, enormous worldwide retail demand for linen has caused severe supply problems. Flax production has an inflexible lead time - a year from the farmer's decision to sow the crop to spinning stage. A sudden boom can diminish stocks which then take a year to replenish.

John Rocha, British Designer of the Year, says: "We have had great difficulty ordering all the linen we need due to the shortage. Prices have also shot up and we have had to cover the costs ourselves rather than pass it on to the consumer."

However, the over-saturation of linen could lead consumers to tire of it quickly, especially as so many designers seem reluctant to corrupt its naturalness with coloured dyes or treatments to eradicate creases. Wary of this danger, most designers are offering alternatives, alongside the main cream, linen story.

Jasper Conran, Paul Smith and Comme des Garçons, for instance, are offering the antithesis of the unstructured look with a return to figure-hugging tailoring, reminiscent of the sharp-suited mods of the 60s. Rei Kawakubo of Comme des Garçons takes tailoring to an extreme with high-buttoned, narrow-lapel jackets - as stiff and flat as cardboard cut-outs - paired with slim permanent-press, school uniform-style trousers, cropped at the ankle for the "cool to be square" look.

Paul Smith revives skinhead fashions by making accessories of slim-legged, ankle-length trousers with tight T-shirts, braces and bovine boots or brothel creepers. Jasper Con-

ran makes references to Carnaby Street mods with a collection of lightweight, dapper, three-button or four-button suits. Jigsaw presents knitted collared T-shirts with 60s go-fast stripe patterns.

Just as the conservative-dressing mods of the 60s co-existed with dishevelled hippies, so the 90s equivalents complement each other today.

The world will always be full of men who strike a balance between a desire to be fashionable and a need to be moderate in their dress. This summer, London department stores such as Harrods, Harvey Nichols and Liberty are, therefore, offering the unstructured, the tailored, and the clothes that fall between the two extremes. Liberty, for example, is offering tailored suits under its own label in sober navy and grey, priced £226. They happen to be in slightly creased linen. That is true compromise.

Richard Rawlinson is news editor of Fashion Weekly



Long and the short of it from Dolce & Gabbana



High street naturals from Rains



Bright, white and crumpled at John Rocha

A LOOK AHEAD TO AUTUMN

Loyalty to the label that reflects you



Left to right: Short and sweet dress at Chloé; Montana's grand velvet dressing-gown coat; Gaultier's Mongolian maid in fur-trimmed brocade; a bad girl at Valentino; and a good girl at Valentino

Paris Pointers



Shows are held the world over but Paris always seems to produce the best, the worst and the most extreme. Prettiest collection: Valentino - youthful, charming but womanly. One of the few older-generation designers with the right, light touch for now. Ugliest collection: Lagerfeld - swathes of harshly colour-mixed stretch nylon body-dresses do nothing to enhance wearable, well-cut jackets and coats. Most overworked collection: anything being filmed for Robert Altman's forthcoming frock-horror film, notably Lacroix, Ruykiel and Dior. Over-elaborate clothes essential to prise attention away from the antics of the cast who look less like fashion

people than film stars. Wittiest collection: a toss-up between Westwood, with her fur bikini and derriere-concealing tartan "curtain", and Issey Miyake's serious pleats worn with hats made out of pasta, lampshades, dustbins etc. Most influential collection: John Galiano's 18 outfits mixed Japanese style with 1950s couture that could be the new direction designers are waiting for. Must-have accessory: the mineral-water holder made from Chanel gilt-chain and leather straps, a fine example of old-style Lagerfeld wit. Silliest accessory: a Chanel handbag in foot-long pastel fake fur, an example of new-style Lagerfeld desperation.

The autumn season is likely to be diverse but underlying themes still emerge, says Avril Groom

For the fashionably correct the label as status has been replaced by the label as statement. In typical 1990s mode, the designers you pick next autumn will reveal less about your bank balance than your personality.

This season the new trends

are fudged, so the creators of fashion have produced collections that concentrate, often in extreme form, on their individual beliefs as designers.

Your loyalty will be to the label that best reflects your own fashion ideals. If you love Comme des Garçons' cerebral folding, you may well despise Versace's raunchy brashness.

If you enjoy Lacroix's flamboyant fabric mixes, Armani's cool minimalism may do nothing for you.

Even in such a diverse season underlying themes emerge, however hidden by the designers' handwriting.

The spring collections' juvenilia proved to be the shock troops in a general movement

towards a light femininity younger in spirit than in reality.

For autumn skirts are indeed short, hems flippy and waists high. But these components can as easily make clothes for women as for girls.

Tailoring, meanwhile, takes a tomboy turn, with long, slender drape jackets and skinny

trousers worn coltishly with high heels.

Bulkier clothes return, but always with a light touch. This started as fuzzy little mohair sweaters warming up spring chiffon layers; for autumn it blossoms into anything from risible shaggy gorilla-suit fake fur to wearable soft sheepskin.

It is then a short step in

designer minds to padding in all its forms - Winter Olympics ski jackets, quilted dressing gowns, kimonos and Tibetan wrap coats.

Vivienne Westwood's bustles may have been overstating the obvious but it seems, thankfully, as if next winter it will be *cherchez la femme* rather than *la petite fille*.

Main themes for autumn

■ **GIRLS:** Short and sweet but no longer waiflike, there are womanly curves under the naive fluted shapes. Good girls, bad girls, teddy girls.

■ **DRESSES:** The logical extension of summer's slip dresses, the autumn version has a high waist, a short skirt and is in soft velvet or knit.

■ **SHEEPSKIN:** The acceptable face of fur to all but the purists - and more aesthetically pleasing than manic day-glo shagpile, this season's choice fake.

■ **DRESSING GOWNS:** The long wrap-and-tie coat hove into view last winter. Now it comes richly adorned in velvet, brocade or quilting.

■ **KIMONOS:** Aiming to reverse recession-hit Japanese sales and mindful of China as the next great market, designers are in love with Far Eastern

shapes, often used ingeniously. ■ **SPORTSWEAR:** From puffy ski jackets and minuscule skating skirts to runners' go-faster stripes, this sports gear is for those whose fashion sense is better-honed than their bodies.

■ **HANKY POINTS:** For those unwilling to commit themselves totally to short skirts but unsure of the modishness of long, the ultimate bet-hedger. A nod to the new length from the long-preferring avant-garde.

■ **SOFT KNITS:** The fuzzy outlines of angora, mohair or looped wool and cropped, shrunken shapes take knitting to the opposite pole from the rugged camouflage which the word "sweater" often suggests.

Pictures by Niall McInerney



Chanel's street sinner



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Young designers
favour the
daring baby doll
dress, writes
Brenda Polan

Fashion may have been confusing recently but there's no denying its vitality. And without vitality, quality fashion simply is not fashion. It is just a uniform. And while that can be interesting in its own way, ultimately it makes us jaded, restless, edgy with the need for change.

The early 1990s found fashion concreted into uniform; grunge shattered it; and out of the rubble something new will be built. Exactly what is still in doubt.

There are, however, plenty of suggestions. That is what all the fuss was about this month at the Paria collections: a wealth of competing ideas, a dazzling display of exciting new directions. Some will prove to be cul-de-sacs but some will be the first steps on fashion's new route.

Some of the freshest ideas are coming from the stalwarts of the old guard, such as Issey Miyake, Karl Lagerfeld, Vivienne Westwood, Jean-Paul Gaultier, Valentino, John Galiano, Rei Kawakubo and Ann Demeulemeester.

But there is also a new generation of designers which, probably because the fashion establishment is in a period of joyous experiment, are managing to have their ideas taken into account as well. From their ambitious, idealistic ranks, three designers and one design partnership stand out.

They all have essentially different styles, different points of view and different customers in their sights but they are remarkably united in believing that ease and simplicity are the keywords for clothes this spring. (But watch out for something entirely different next autumn.)

Ease and simplicity can be done many ways: from Paul Frith's deliberately understated sophistication, through Maria Grachvogel's high glamour and Lisa Johnson's playfully coy camp to Clements Ribeiro's sporty gamine.

Asked to select one outfit to sum up this fashion moment, none of them hesitated. "The baby doll dress," says Paul Frith, "because it is very short, very feminine, sexy, young and very daring. It is a bit floaty so there's a sort of innocence about it; that's the best sort of sexy dress. It provokes the imagination, gets the mind working. The strappy effect is important; I love the natural shoulder line, the fragility and vulnerability of the curves and hollows made by the bones."

Like most of this new generation of designers, Frith looks upon the clean, youthful simplicity which is the mood for spring as a kind of psychic clearing of the decks for action. It deliberately rejects the overly structured, body-bugging styles which held sway throughout the late-1980s and into this decade.

There was a jaded knowingness to those clothes which looks quite distasteful now. It is also a decisive move away from "deconstruction" and the grunge look which so disconcerted women over 25. It is likely, however, given the undeniably juvenile quality of this spring's definitive looks, that they will remain disconcerted. In some cases, they should be.

Of her pink baby doll dress, Lisa Johnson says: "It's fun, not serious and sophisticated. I think things got overly complicated in the last few years. There's a sense of relief at the simplicity of wearing just one garment. This collection is very light and breezy. Call it breezy classicism."

And although she is certain that the mini version is breeziest of all, Lisa also makes her simple dresses in long versions. These should hold few terrors for those old enough to buy a drink. "You can wear a T-shirt or a shirt underneath," she says. "It ties round the bust but nowhere else so it is quite flattering and very comfortable."

Maria Grachvogel, a self-taught designer who invented the complicated but cunning construction of her body-enhancing slip-dress 10 years ago when she was 14, says of it: "It's simple and glamorous. What else should clothes be? It's a dress which grows with you; it moulds itself to your shape and it's kind to women of all sizes."

She is hardly alone in her delight in the unadorned minimalism of the slip dress. From designers such as Giorgio Armani and Calvin Klein down, the whole fashion industry is in love with it.

At smart parties in Milan, New York and London the most stylish women in their silvers of silk or satin are



Clements Ribeiro with their white cotton pique shirt, £145, and matching shorts, £25, from Space NK, Covent Garden, London WC2. Leather Birkenstock sandals from the Natural Shoe Store, King's Road, London SW9 and Covent Garden, WC2.

Newcomers go for ease and simplicity



Lisa Johnson, left, with her pink wool crepe mini dress, right, £29, from Liberty, Regent Street, London W1; Fair [sic], Covent Garden, London WC2; Space NK, Covent Garden, London WC2. White socks with pink bows by Kankon from Selfridges, Oxford Street, London W1. Silver Shoes by Lisa Johnson, £105, from Fair and to order from Ichi M Son, Glasgow.

making the rest look over-dressed and middle-aged. Some are wearing just one fluttering Klein slip, others layer two in contrasting colours, others layer theirs over a silk T-shirt or organza blouse. Whichever way it is worn, it looks modern and effortless.

"It is," says Suzanne Clements, partner with her husband, Inacio Ribeiro, in Clements Ribeiro, "a matter of attitude, not age. I think everyone desires some freshness and some subtlety in clothes now." Sleak, uncluttered, spare: that is the mood for summer. "Clean-looking," says Inacio. "Innocent," says Frith. "Timeless," says Grachvogel. "Uncomplicated," says Johnson. Almost, one could add, puritanical in its insistence on the simplest of shapes and the absence of accessories.

But not humourless: the young and lean of leg can wear the baby doll dresses with Minnie Mouse heels and socks (Lisa's have a row of baby-bonnet pink bows down the back) and the short shorts with clumpy Alpine-meadow-mowing Birkenstock sandals.

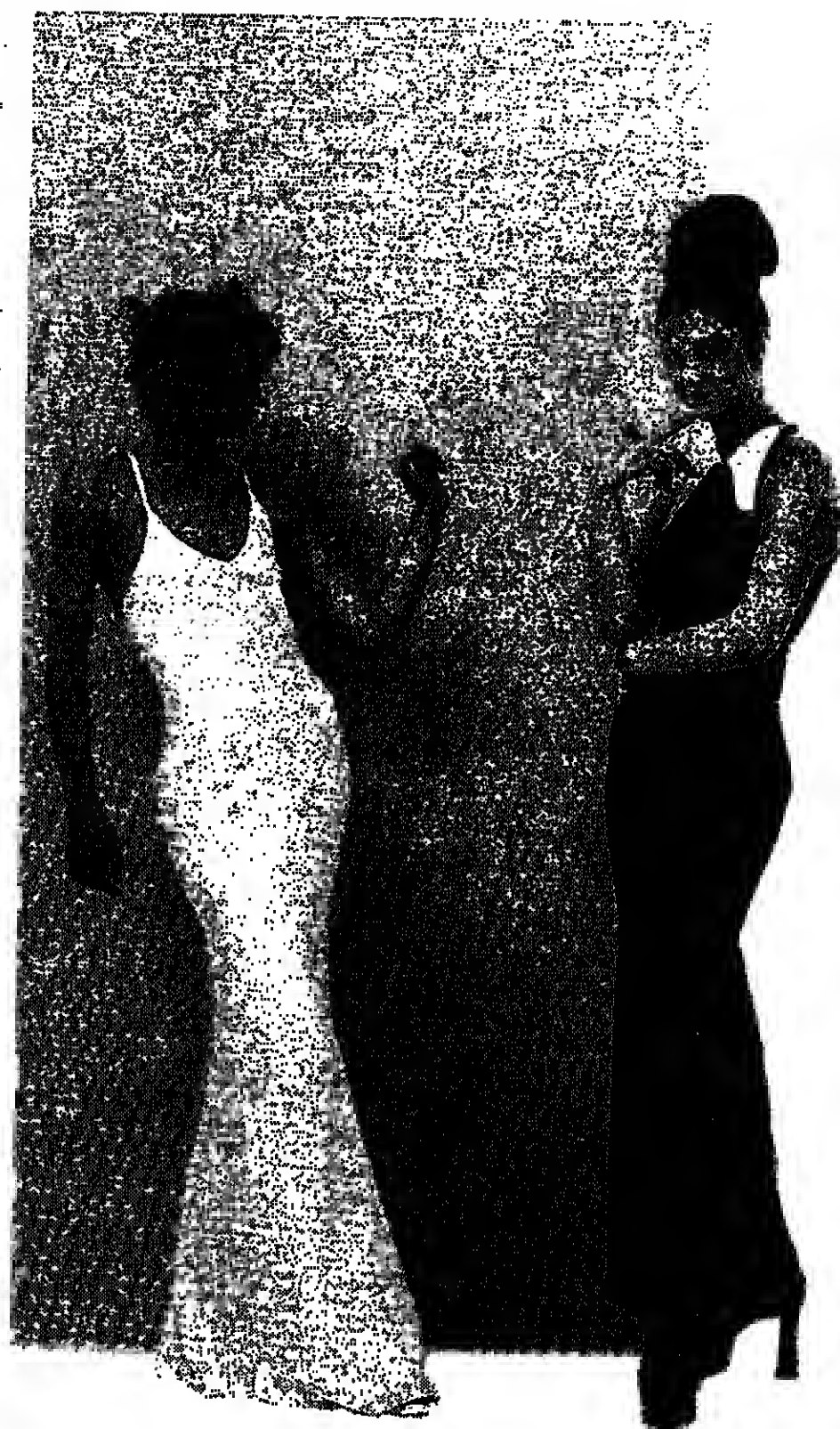
If fashion is taking a breather from the obvious and complicated, it is just keeping its powder dry for an autumn of richness, sensuousness and complication. Who says so? Frith: "Very dark, lush, layered, contrasting lengths." Grachvogel: "Aphrodite at the witching hour, baroque glamour." Clements and Ribeiro: "Narnia, shades of monochrome, sparkly fabrics, bright colours, little bonnets and fluffy muffs." And Johnson: "Cutey, cutesy, very pretty, lots of detail, very long and very short, lambskin, velvet, fluffy things and silver metallics, vents and tucks and furry crowns."

Furry crowns? Fluffy muffs? For this summer of simplicity, may we be truly grateful.

Pictures by Clive Warwick
Hair by Colin Gold
Make-up by Karen Miller



Paul Frith with his ivory silk crepe baby doll dress, £450, to order from Paul Frith's studio (tel 081-748 6657). Beige linen shoes by Jimmy Choo.



Maria Grachvogel, right, with her ivory silk satin slip dress, left, £498 from Lucienne Phillips, Knightsbridge, London SW1; Chelsea Collections, 90 Fulham Road, London SW3; June Davidson, Edinburgh; Judy Graham, Cheltenham; Clairemont, Harrogate. Shoes by Karen Stokes for Maria Grachvogel, £145 to order, tel: 071-351 0622

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THIS SPRING'S WINNERS

How to avoid being a fashion victim

Avril Groom chooses four catwalk themes that are wearable and that will not look out of place in the average wardrobe



NEUTRAL LAYERS

■ Above: Cream embroidered linen-mix waistcoat, £25 (available from April); tan, beige and cream viscose trousers, £25, both from Marks and Spencer. Beige crinkled silk shirt by Fern Wright and Manson, £50 from Fenwick; Space NK, Earham Street, London WC2; and Fripperies of West Malling, Kent. Cotton scarf, £4.99 from Top Shop. Brown suede sandals by DKNY, £85.50 from Russell and Bromley.

■ Right: the Armani catwalk version



If you are a late and disorganised shopper, relax. The next time a smug assistant tells you that the best styles have already sold out, have pity for the early birds who bought them. They will have perused the trend reports and made their decisions on immediate reactions to the clutter of ideas thrown up by the catwalk shows.

You, by contrast, can sit back and see which ideas work in real life. These are not necessarily the ones which cause the initial fuss. Choose from the ideas that really sell and you will stay the right side of the fine line that divides the fashionably smart from the fashion victim.

Only some ideas cross the divide between catwalk and closet. Each season only a few themes influence the market and it can take the more conservative outlets a year to join the bandwagon.

Here are this spring's winners, the four looks that update the wardrobe without taking it to extremes, and which are wearable enough for the commercial version to be very close to the catwalk one.

Fashion has rarely been so pared-down, simple and uncompromisingly modern. Corresponding to this lack of detail, cut has never been so important. At whichever price level you look, shape and fabric are overriding priorities.

■ THE SOFT SUIT

If you own a jacket with shoulder-pads get them removed. Designers showed the soft jacket with the short A-line skirt but it works equally well with wide trousers or a long bias-cut skirt. With a short skirt, a long jacket gives a graceful, flared silhouette; a short jacket cuts the outline in half. Look for silk, floppy viscose, double chiffon, mixes with linen that maximise softness and minimise creasing.

■ THE SLIP DRESS

A cheap slip dress risks looking like the nightie that some of them are. So choose one with a structured bodice and, if in the lightest fabric, double layers. Designers showed these tiny dresses one over the other, or over a plain white vest. Come summer, it stands alone as a fetching evening or sundress. Avoid grunge or schoolgirl caricatures.

■ NEUTRAL LAYERS

The look which Giorgio Armani has been promoting for years finally takes off. This casual style is a new take on deconstructionism, in soft but coarse-woven beige, cream or white, mixing textures, stripes and checks. The ethnic mood means anything goes on lengths - tunics, jackets and waistcoats hang one below the other, over baggy trousers or long sarong skirts. Jewellery - big and ethnic this summer - will look right with these styles.

■ METALLICS

Space Age headlamps, which made catwalk headlines, has been embraced by the young and can work, in small doses, for anyone. It provides a touch of the unexpected - a counterpoint to tweed or pin-stripe or, à la Chanel, shrouded under chiffon. In the more obvious context of evening wear, metallics work best as simple shapes and soft fabrics - pale gold or dulled silver chiffon, organza or satin.



METALLICS

■ Above: Gunmetal stretch satin top, £29.99 from Warehouse. Silver Lycra body, £39.99 from Fenwick. Silver Lurex knit skirt, £65 from Joseph of London (Sloane Street, SW1, Fulham Road, SW3 and Brook Street, W1). Silver tights by Wolford, £13.99 from Fenwick. Silver shoes, £34.99 from Shelly's.

■ Left: Claude Montana's catwalk version



Main pictures by John Swannell
Catwalk pictures by Niall McInerney
Hair and make-up by Wendy Sadd



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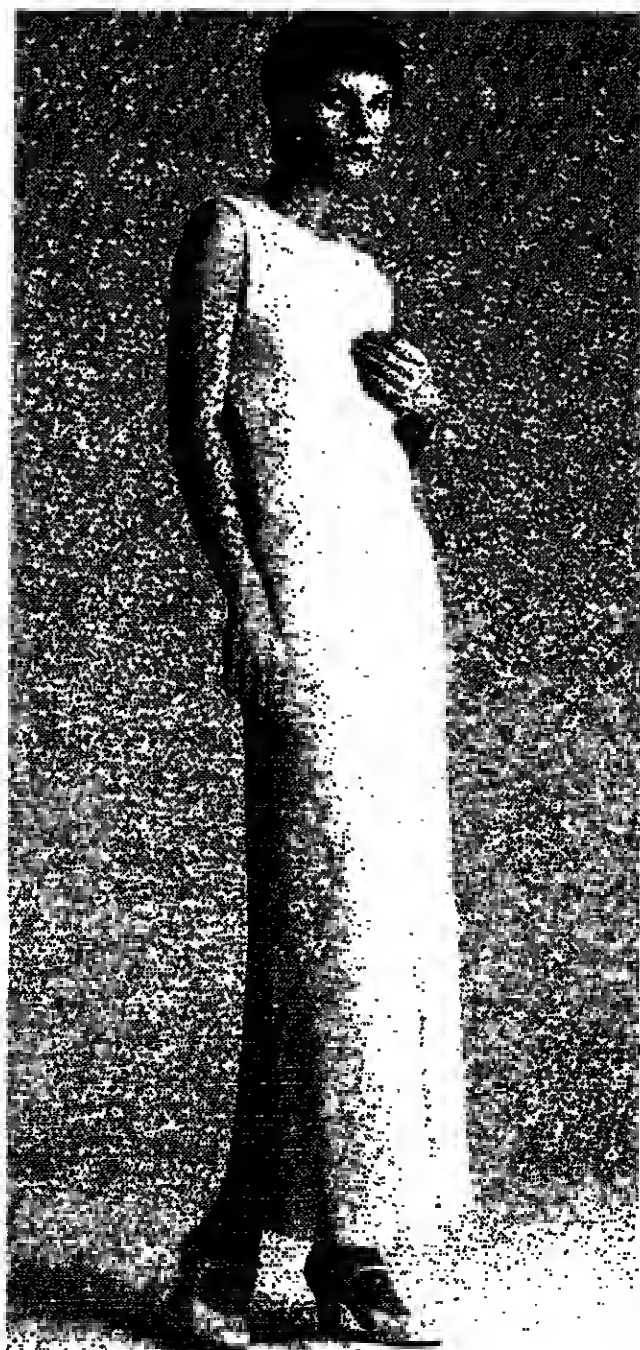
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THE SOFT SUIT

■ Above: Cream unfitted viscose/acetate jacket, £295, and palest blue and pink silk chiffon skirt, £250 - both from Emporio Armani. Lace and Lycra top, £18.99 from Oasis. Sheer tights by Aristoc, £2.99.

■ Left: The Chanel catwalk version

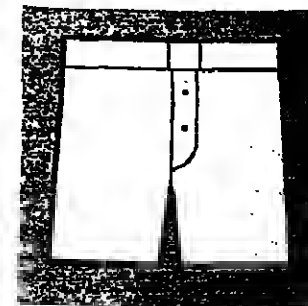


THE SLIP DRESS

■ Left: Oyster silk crêpe crossback dress by Ben de Lisi, £375. From Fenwick, New Bond Street, London W1; Harvey Nichols, Knightsbridge, London SW1; and Pollyanna of Barnesley. Cream cotton/nylon lace-front vest, £10 from Marks and Spencer. Beige suede shoes, £39.99 from Ravel.

■ Above: Norma Kamali's catwalk version

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THE DESIGNERS' WARDROBES

Paid-up members of the black-pack

Lucia van der Post runs her eye over the fashion designers

Nothing about the world of haute couture - or even its bumbler relation, ready-to-wear - is amenable to the rational laws that govern so much else. This, of course, is part of its charm. Take the designers. There they are building businesses - and sometimes lucrative global empires - in which success depends on persuading people that they need new clothes. Their very existence depends on change, on imbuing dress with excitement and innovation, with generating an imperative to embrace the new and the different.

What then, might the novice observer of the scene ask, do they wear? Are they founts of originality, of quirky creativity, of visual excitement?

The answer is that they are the most conservative dressers around. Mostly they evolve a personal style early in their creative lives and stick with it. Show me a plain cashmere jumper, a simple T-shirt, an

ancient bomber-jacket or an old pair of jeans and in it probably lurks a designer even now persuading some fashion victim in a far-flung city to part with more money than most of us would consider wise.

Designers, like fashion editors (their judges and jury), have a strong penchant for black and there is a perverse pride in not being caught in anything new.

Even snapper dressers, those who go in for a little colour, such as Christian Lacroix and Gianni Versace, tend to be seen endlessly in the same garment.

Of all the black-pack members Rei Kawakubo of Comme des Garçons, is probably the most stalwart member. She has been known to change her seemingly endless succession of black shrouds for a crisp white shirt (worn with - you've guessed it - black trousers) but only on rare occasions.

Most women designers, for obvious reasons, work more or less with their own image in



Jean Muir: famous for navy

mind. Sonia Rykiel, lean as a whippet and given to wearing wide, floppy-legged trousers teamed with skimpy little jumpers, is a paid-up member of the black-pack who makes clothes for other whippets. When she comes out on the runway what you see first is the cloud of red-hair but then you notice the shades of black relieved only by a belt with

words such as Love, Paris or, for the slow-witted, Rykiel.

Caroline Charles, who understands perfectly the clothes that should adorn the English social season, is hardly ever seen in the colours that complement her customers' complexions so well. From the top of her chic little black head to the bottom of her impeccably-cut, long, narrow, cigarette trousers, it is usually black all the way.

While Donna Karan seems to require inordinate amounts of black, Jean Muir is famous for never wearing anything but navy. "It simplifies the matter of dressing and packing," she says. This is perfectly true and a good motto for those whose aim and object is the simplification of dressing and packing.

Katharine Hamnett, in her army fatigue trousers and a T-shirt that looks as if it has seen better days, manages to make many of us feel overdressed, while Betty Jackson wears her own clothes with so much panache that, as one fashion editor put it, "when



Left: Rina Ozbek - a headscarf is his signature. Right: Gianni Versace - shows a little colour.

you see them, you want them".

For those who think the matter of clothes should be invested with a whiff of danger, a sense of potential disaster, Vivienne Westwood is the designer to watch. She wears her own designs and these vary from improbably neat twinsets and pearls, which could have come straight from the stodgiest of stores, to a

transparent figure-hugging body sheath (and who among those of us who saw it can forget that embarrassing matter of the fig-leaf?).

When it comes to men, the garments most frequently seen after the catwalk show ends are jeans and T-shirts. Even Gianni Versace, king of Glitz, at the party he gave for the opening of his Bond street

shop, turned up in a pair of jeans, although in honour of the event he teamed it with a brightly-patterned silk shirt.

After his shows Claude Montana wears the same old beaten-up leather jacket (much akin to a biker's jacket) and tight jeans. Karl Lagerfeld, of course, wears a pony-tail and with it a sharply-cut and expensive suit, contrasting shirt and tie (white on black) which, in spite of its impeccable designer lineage, brings to mind nothing so much as Chicago gangster-style.

Jean-Paul Gaultier wears beaten-up old jeans, a T-shirt (often of mottled stripes), some sort of leather blouson jacket (biker imagery is strong among the frock-designing set) and brilliantly dyed blond hair.

Yves Saint-Laurent these days requires careful tailoring to hide a less-than-lean silhouette. When his fragile health allows him to make it on to the runway he normally wears a good grey suit, shirt and tie - classic and flattering.

For those who value eccentricity above classicism John

Galliano is the designer to watch. He is addicted to gruesome little shorts which he teams with some sort of T-shirt and a jacket with some historical provenance, say a 19th century busser's jacket worn casually slung over the shoulder. The whole is frequently topped by some bizarre head-gear - Russian fur hats are a favourite.

The one almost inviolate rule that unites them all is that whatever a designer wears it must on no account be new. Issey Miyake in his jeans and his indigo cotton shirt, Giorgio Armani, in jeans and white cotton T-shirt in summer, navy-blue cashmere in winter, Calvin Klein in his laid-back tweed suit and white cotton T-shirt - the message they convey is loud and clear. If in doubt dress down. Invest in quality classics about which you never need to think and then you can get on with the more important things of life - such as living. Perhaps there is a lesson in there somewhere.

Pictures by Niall McInerney



Karl Lagerfeld: a pony tail and expensive suit



Giorgio Armani: likes jeans and T-shirts in summer

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The Times, London, 11 September 1993.

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